

Electioneering charge in W. German spy case

BY JONATHAN CARR

BONN, Sept. 1

WEST GERMAN authorities investigating espionage allegations today searched the Bonn office of a parliamentarian belonging to the ruling Social Democrat Party (SPD). They declined to reveal the result.

Simultaneously, the SPD accused the opposition of using the espionage investigation to discredit Government policy at home and abroad and thus gain an advantage in vital provincial elections.

The search, carried out by officials of the Federal Attorney's office, followed a brief special session of the Bundestag which voted to lift the parliamentary immunity of the SPD Deputy concerned, Dr. Uwe Holtz.

The vote was unanimous—thus with Dr. Holtz himself supporting the action and urging that the investigation be carried out as quickly as possible so that his name could be cleared. He has been a member of the Bundestag since 1972 and is chairman of its committee on development aid matters.

Today's action comes two days after official word that the per-

sonal side of the business manager of the SPD, Herr Egon Bahr, was also being investigated in connection with the spying allegations. There has been no word on the result of this examination either.

The Government itself has given little information—has firmly said the affair could not justly be compared in importance with the spy scandal which prosecuted Herr Willy Brandt as Chancellor in 1974.

However, the respected Frankfurt Allgemeine Zeitung voiced the feelings of many when it said in an editorial today that the case could hardly be a small one if it involved the lifting of the immunity of a parliamentarian.

The truth is that on the basis of the slim evidence available so far—accompanied by copious rumour and party political sniping—few know what to think.

It is accepted that the origin of the present investigation lies in revelations about spying in Bonn on behalf of communist intelligence made by a high level Romanian official who vanished in Cologne last month.

Beyond that, nothing seems certain. However, a "hot political autumn" had long been forecast here, with a crucial election in the state of Hesse next month—only the first of a series which could upset the balance of power in Bonn.

Herr Bahr has for years been a major target for the opposition—ever since he acted as a principal architect of Herr Brandt's "Ostpolitik" in the early 1970's. The opposition accuses him of favouring the Communist states too readily and of toying with the idea of West German withdrawal from NATO—suggestions which Herr Bahr has recently again dismissed as ridiculous.

The opposition now accuses Herr Bahr of warning his aide, Herr Joachim Brouder-Groeger, that he was under suspicion before authorities could fully carry through their investigation. Herr Bahr denied this, saying his aide only learned of the espionage allegations when they first appeared this week—in the right-wing press.

Washington worried by Nicaragua

By Joseph Mann

MANAGUA, Sept. 1

THE U.S. GOVERNMENT is reformulating its policy toward Nicaragua in the wake of the increasing violence and steadily worsening political situation in the country.

"Washington is very concerned about an incipient civil war," an American official said privately yesterday. The U.S., which under the Carter Administration had "preached democracy in Nicaragua" and supporting its position with a strong overall policy, must change its tactics, the official said.

The most likely option open to Washington is to press for mediation between the embattled Government of General Anastasio Somoza and the various Nicaraguan opposition forces. Potential mediators would be the U.S. Government itself, other friendly governments or an international body such as the Organisation of American States (OAS).

Meanwhile, violence continued in the northern town of Managua as the army pitted armoured personnel carriers and heavily armed soldiers against rebels who control most of the city. During action yesterday troops advanced several times against rebel positions but made no progress.

Fighting with pistols, light calibre rifles and home made bombs held off greater numbers of National Guardsmen and confined them to the areas around the town's main square.

The army reported one soldier killed yesterday and wounded. Rebel losses were not known, but the 100-150 youths holding the town have been badly outnumbered since Monday.

In the capital, the anti-government general strike begun a week ago reached its peak strength yesterday. Local businessmen estimated that 80 per cent of commerce and 50 per cent of industry had been shut down yesterday. They expected the strike to gain further momentum.

However, public transport, banks and basic services were still functioning. Executives said they believed the strike could continue to grow if it manages to last the weekend.

Scattered violence occurred in Managua yesterday and several bombs went off last night. The city remained generally calm.

Moscow trial next week

By David Satter

MOSCOW, Sept. 1

MR. JAY CRAWFORD, the Moscow representative of International Harvester, will go on trial next Tuesday on charges of using \$8,500 to buy 20,000 roubles and six samovars from Soviet black market operators.

Mr. Crawford, who was dragged from his car on June 12 at a busy Moscow intersection during a period of heightened tension between the Soviet Union and the U.S., told a Press conference that he will be one of four defendants. He said the other three did not contest the charges.

If convicted, Mr. Crawford faces a maximum term of eight years' imprisonment and five years' internal exile.

CHINA'S MIDDLE EAST POLICY

By Michael Tingay in Tehran

SINCE THE death of Mao Tse-tung and the consolidation of the power of his successor, Hua Kou-feng, Chinese policy in the Middle East has undergone a quiet but radical change. Three years ago Chinese involvement in the area was confined to trade transactions and to the unsolicited arrival in the kingdom of voluminous quantities of Maoist propaganda, but private trade was resumed quietly after the death of King Faisal.

Relations with Iraq have been improved by Baghdad's close relations with the Soviet Union and could not have been helped by the signing of the Iraqi-Soviet treaty of friendship and co-operation. However, Iraq's internal troubles and the recent execution of a number of Communist party members in the army have changed the picture.

Iran and Iraq aside, China has had diplomatic relations with no state but the Gulf other than Kuwait. However, the past few years have seen an increase of private trade with Oman. The Oman Government was pleased that China did not object to Oman's trade office in Taiwan because of the important distinction made in Peking between Government and private commerce.

With a steady eye on the Gulf Security Pact, China has sent a number of visitors to the area this year including the Deputy Foreign Minister who went to Iraq and Kuwait in April, stopping briefly in Tehran for two hours of talks on the way. Huang Hua, China's Foreign Minister came to Iran the following month before going on to Kuwait. Diplomats confirm that in both countries he discussed the Gulf Security Pact.

By this time the Chinese had noted Iraq's little remarked concern about the increased influence of the Soviet Union in

U.S. unemployment rate improves

BY JUREK MARTIN, U.S. EDITOR

THE U.S. UNEMPLOYMENT rate fell appreciably to 5.9 per cent of the work force in August, down from 6.2 per cent in the previous month.

Although unemployment has become a much less potent political and economic issue in recent months, the Carter Administration is likely to draw some encouragement from this latest reduction. In fact the cut in the inflation rate in July, there has been little else to cheer about in the last few months.

However, the gyrations in the jobless rate since early summer argue against drawing too many conclusions from one month's performance.

In June, the percentage of the labour force out of work dropped sharply from 6.2 per cent to 5.7 per cent in July, however, that

Begin to set out his objectives

BY OUR OWN CORRESPONDENT

TEL AVIV, Sept. 1

IN A TELEVISION and radio address to the nation tomorrow night, Mr. Menachem Begin, the Prime Minister, will outline the objectives he is seeking for Israel during next week's three-day summit at President Jimmy Carter's Camp David retreat.

The main lines of his policies are already well enough known. There is no outward sign that substantial concessions are on offer. Only last night the Israeli leader proclaimed with pride that he had support from three-quarters of the Knesset (Parliament) to his peace plan.

These were: Israeli retention of East Jerusalem, no return to 1967 frontiers, no minor rectifications of these borders, a continued Israeli army presence along the river Jordan, and continuing stationing of Israeli troops on the West Bank area.

In the same speech, Mr. Begin also turned down a suggestion, canvassed in the American Press, for U.S. troops to be posted in

the West Bank as guardians of Israeli security.

Government sources reported that Mr. Moshe Dayan, the Foreign Minister, has been exploring the possibility of changes in the 26-point Begin peace plan to make it more palatable to President Anwar Sadat.

One suggested change was dropping the requirement for Israeli troops in the West Bank to retain responsibility for public order until it is fully established. Another was that West Bank and Gaza Arabs should be granted a larger share of self-rule than at first envisaged.

Mr. Begin has said that he will put forward "new formulations" of his peace plan. It seemed unlikely that he had anything in mind that would come near President Sadat's demand for full Israeli withdrawal to 1967 frontiers.

One idea that seems to have been quietly dropped, is Mr. Begin's proposal for a partial peace agreement with Egypt, should an overall pact prove unattainable.

Isham Hijazi writes in Beirut: Syria and the Soviet Union have worked out a common strategy to deal with whatever may come out of the Camp David talks, according to Arab diplomats who have been following the talks in Moscow by Syrian Foreign Minister Abdel Halim Khaddam during the past three days.

The diplomats said Mr. Khaddam received fresh assurances of Soviet support in the event of a bilateral agreement between Egypt and Israel. But Moscow was reported to have advised restraint by the Syrians in Lebanon.

Meanwhile, the 20,000 Syrian troops with the Arab peace-keeping force in Lebanon and Palestinian guerrillas have been placed on high alert in anticipation of possible Israeli military action in Lebanon.

Protest strikes over Danish coalition

BY HILARY BARNES

COPENHAGEN, Sept. 1

WIDESPREAD unofficial strikes continued today as workers protested against the formation of a Social Democratic-Liberal coalition Government.

Copenhagen's four largest daily newspapers failed to appear, refuse collectors in the capital went on strike, and postal services were disrupted. A big demonstration by Copenhagen workers was planned for this evening outside the Folketing.

In the Folketing Prime Minister Anker Jørgensen appears to be facing a revolt by left-wing members of his Social Democratic Group. About six of them may be prepared to abstain,

if not to vote against him, in the vote on the Government's proposed increase in Value Added Tax from 18 to 20 per cent. They are angry that the Government has refused to provide compensation to socially exposed groups.

Meanwhile, the Krone fell to its lowest intervention level against the D-Mark in the European currency snake today. Dealers said that the pressure was a result of selling from abroad and was not caused by domestic fears of a devaluation.

While most dealers agree that at some point an adjustment of the Krone against the D-Mark is inevitable, they also feel that the new Government will put off any increase in the tax until the saddle and will be less sensitive to the political odium of what will be called a devaluation.

The executive committee of the TUC confirmed today the TUC's opposition to the formation of the coalition and said that the conditions on which it was prepared to accept incomes policy restraints no longer exist. But the committee said it would not refuse to attend the Government's planned tripartite discussions on incomes policy with the Employers, the unions and the Government.

Earnings increase sharply in France

BY DAVID CURRY

PARIS, Sept. 1

THE PURCHASING power of June 1977. Prices rose by 2.5 per cent over the period of the most rapid increase in wages.

Over the first half as a whole, average purchasing power was up by 2.45 per cent, whereas the same period last year saw an average rise in the purchasing power of the hourly wage of only 0.8 per cent.

The elections of March appeared to have played a role in the stepping up of wage awards. Companies which held

back from negotiating collective agreements before the elections have now concluded deals with the unions.

These agreements are probably more generous in the wake of the renewed confidence following the conservative election victory, while the minimum wage was raised twice in the first half of the year in conformity with the Government's promise to improve purchasing power at the bottom end of the wages scale.

Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT AND INTERIM DIVIDEND

The following are the unaudited profits of the corporation and its subsidiaries for the six months ended 30th June, 1978, together with the comparative figures for the six months ended 30th June, 1977, and the year ended 31st December, 1977. These should be read in conjunction with the notes below:

	Half-year ended 30.6.78	Half-year ended 30.6.77	Year ended 31.12.77
Group profit before taxation	R000's 33 059	R000's 29 847	R000's 98 446
Deduct: Taxation and deferred taxation	10 922	11 517	24 392
Group profit after taxation	22 137	18 030	42 054
Less: Profit attributable to minority interests in subsidiary companies	621	588	1 482
Group profit attributable to Anglo American Industrial Corporation Limited	21 516	17 442	40 572
Cost of interim dividend No. 29 of 25 cents per share	6 715	5 910	
Number of shares in issue	26 861 947	26 861 947	26 861 947
Earnings per share cents	80.1	64.9	151.1
Dividends per share cents	25.0	22.0	70.0

NOTES:

- The Amic group's profits have increased as a result of improved results from Boart International Limited and Scaw Metals Limited. With effect from 1st April, 1978 the chipboard division of Bruynseel Plywoods Limited (Bruyply) was merged with the chipboard manufacturing interests of the Associated Furniture Companies Limited group in a new company, Spankor Limited, with each party holding 50 per cent. Accordingly, the Amic group results for the half-year ended 30th June, 1978 include the operating results of Bruyply's chipboard division only for the first quarter of 1978. The remaining activities of Bruyply operated satisfactorily. The increase on 1st May 1978, in sawn timber prices, together with the reorganisation currently being undertaken by S.A. Forest Investments Limited, is leading to improved results.
- The Amic group's interest in Mondi Paper Company Limited (Mondi) increased to approximately 54 per cent with effect from 1st July, 1978, following the acquisition of a further 5 440 000 shares at a price of R1.60 a share. Consequently, the results of this new subsidiary will be consolidated in the Amic group results for the half-year ending 31st December, 1978. Mondi has recently negotiated the sale of the milling complex, fields and related assets of Melville Sugar Estates for a consideration of R7 000 000.
- It should not be assumed that the results for the year ending 31st December, 1978, will necessarily be proportionate to those for the first six months of the year because revenue from trading operations and investment income does not accrue evenly throughout the year.
- Particulars of the group's listed investments are as follows:

	At 30.6.78	At 30.6.77	At 31.12.77
Market value	R000's 82 280	R000's 54 571	R000's 65 182
Book cost	53 226	50 709	50 324
Appreciation	29 054	3 862	14 858
- The above figures exclude the following:
 - Net surplus on realisation of investments
 - Profit on sale of land and buildings
 - Provisions against loans and amounts written off fixed assets, unlisted investments and goodwill which are considered annually at the financial year end, and currency adjustments
- Group commitments for capital expenditure at 30th June, 1978, amount to R7 742 000 (1977: R9 989 000).

For and on behalf of the Board
G. W. H. Rely Directors
W. G. Bousquet

Interim Dividend No. 29

Notice is hereby given that dividend No. 29 of 25 cents (1977: 22 cents), being an interim dividend for the year ending 31st December, 1978, has been declared payable to shareholders registered in the books of the corporation at the close of business on 29th September, 1978.

The share transfer registers and registers of members will be closed from 30th September to 13th October, 1978, both days inclusive, and transfers will be posted from 20th October, 1978. Registered shareholders paid from the United Kingdom will receive their dividends (less appropriate taxes) on 17th October, 1978, of the rand value of the dividends. Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the corporation's transfer secretaries in Johannesburg or the United Kingdom on or before 29th September, 1978.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the corporation and also at the offices of the corporation's transfer secretaries in Johannesburg and the United Kingdom.

The effective rate of non-resident shareholders' tax is 15 per cent.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries

Transfer Secretaries:
Consolidated Share Registrars Limited,
22 Marshall Street,
Johannesburg 2001
(P.O. Box 61081 Marshalltown 2107)

Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford,
Kent, TN24 8EQ.

Registered Office:
44, Main Street,
Johannesburg 2001.
London Office:
40, Holborn Viaduct,
EC1P 1AJ.
2nd September, 1978.

Japanese investment increasing

By Charles Smith

TOKYO, Sept. 1

FIXED INVESTMENT in Japanese industry (including services and other non-manufacturing sectors) should increase by 15 per cent during fiscal 1978 after falling by nearly 1 per cent in fiscal 1977.

This is forecast by the state owned Japan Development Bank on the strength of a survey of investment plans made by 24 Japanese companies. The survey points out, however, that a massive rise in investment in electric power companies provides the main reason for the increase in overall investment expected during 1978.

During 1978 electric power investment is expected to level off, resulting in a small decline in overall investment.

The Japan Development Bank sends out questionnaires every year to all companies in Japan with capital of over Yen 100 million normally receives replies from about 80 per cent of those questioned. The resulting data account for roughly one-third of all direct investment in the private sector.

It believes that the estimates of investment trends shown by its surveys are a reliable guide for the whole of industry even though smaller companies are not included in the survey.

In 1977 the JDB found the respondents to the survey spent Y2,377bn on fixed investment, a decline of 3.4 per cent from 1976 figure. Within this overall total manufacturing investment fell by 11.2 per cent (the third consecutive annual fall) while non-manufacturing investment (including electric power generation) went up 4 per cent. In 1978 the Bank forecasts a small rise in manufacturing investment and a remarkable 27.5 per cent jump in non-manufacturing investment caused mainly by the boom in electric power investment. The latter appears to be due to a bunching of investments in nuclear power plants and in nuclear fuel processing.

The process will not be repeated in 1979 and investment in the electricity industry will accordingly level off. Investment is probably rising by only 1 per cent or so.

Other highlights in the JDB survey include a 215 per cent rise in investment by airlines.

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HOME NEWS

Labour policies breed despair, says Thatcher

BY RAY PERMAN, SCOTTISH CORRESPONDENT

DOLE QUEUES and the frustration of Labour's socialist paradise were a breeding ground for disaster and despair in the future, Mrs. Margaret Thatcher, the Conservative Party leader, said last night.

Earlier she had told party workers that the Tory General Election campaign would be based on the themes of reducing taxes, maintaining law and order and the defence of democracy. But in a speech to Young Conservatives in Glasgow at the end of her two-day Scottish tour she launched a fierce attack on the Government's industrial record using the slogan "Labour isn't working" — the caption on the controversial Conservative advertising poster.

Successful private enterprise would create jobs in the future, not planning agreements, she said.

One of the most important tasks of the next government would be to build the economic conditions in which genuine jobs could be created.

"I am not talking about more artificial jobs; they may be better than having nothing to do, but what we really want are jobs that create extra work, but extra wealth."

"Unemployment" can't be reduced for long by measures,

which simply affect the statistics of Labour's socialist paradise, she said. That's like treating the symptoms rather than the disease.

Taxation had to be reduced on incomes and profits, success had to be applauded rather than envied. Government borrowing and detailed regulations which diverted effort from production and efficiency had to be reduced.

"Let us get this clear: real jobs are created by the skill and energy of those in industry and commerce who see a market and satisfy it. The most useful thing a government can do is assist and encourage this natural process. Above all, governments must not impede it."

A political philosophy based on detailed government intervention and regulation does not turn the wheels of progress — it clogs them. Socialist planners no often get it wrong.

Mrs. Thatcher also mocked the "right-wing" view — the senior Ministers reported to have urged Mr. Callaghan to wait until next spring before calling an election.

"There argument seems to be: Never accept a thrashing today if you can put it off until tomorrow."

It was not difficult to see why they were nervous of facing the people, she added.

Trade balance shows £289m surplus

BY MICHAEL BLANDEN

THE TURNROUND in Britain's trade balance last year was even greater than had been indicated previously, according to the latest and complete figures published in the Government's annual Pink Book.

The current account surplus is now put at £289m, a sharp swing from the previous year's deficit of £1.14bn. The estimates published previously indicated that the surplus was only £165m, while the 1976 deficit was put rather lower at £588m.

The main reason for the revision lies in a rather better performance last year on the invisible account, compared with lower figures than previously indicated for 1976.

Invisible earnings for 1977 are now put at just under £2bn. This still shows a marked downturn from the £2.55bn recorded in 1976, but not as great as had appeared from the figures published so far.

It is likely that the new evidence on invisibles will lead to some upward revision of the estimate used so far for the invisible earnings in the first quarter of this year. In recent months the current account figures have been worked out on the basis of invisible earnings running at the equivalent of £120m a month.

The Pink Book also highlights the major contribution made by North Sea oil and gas to the dramatic improvement in the trade figures, both last year and over a longer period. This programme accounted for more than £1.5bn of the improvement in the visible trade balance last year, from the 1976 deficit of £2.59bn to a deficit of £1.71bn.

However, this contribution was partly offset by the build-up of interest, profits and dividend payments due abroad, from £24m to £367m, and this accounted for a large part of the fall in the surplus on invisibles.

A special table shows that between 1973 and 1977 the direct contribution made by North Sea oil and gas to the current account has moved from a deficit of £26m to a positive total of £958m. At the same time, its contribution to the capital account has risen from £64m to £1.35bn.

Narrowing

The breakdown of the invisible earnings shows that the City's net overseas earnings totalled £1.75bn. This was a slight fall from the previous year's exceptional £1.84bn, but well up on the £1.35bn recorded in 1975.

Most sources of City income increased between the two latest years, but earnings from commodity trading were almost halved at £109m. There was also a sharp decline from £244m to £76m in the net interest received by the banks from overseas banks.

Record turnout at Motor Cycle Show

By Kenneth Gooding, Industrial Correspondent

RECORD ATTENDANCES at the International Motor Cycle Show, Earls Court — which ends today — have increased the industry's confidence about 1979 sales even though the statistics for this year paint a fairly gloomy picture.

In the first seven months of 1978, motor cycle registrations fell by 1 per cent to 55,276 compared with the same period last year.

The trade blames the poor summer weather — because sunshine always boosts sales. Total two-wheeler registrations are bound to fall severely from the 556,373 recorded in 1977 because mopeds (under 50cc) sales have been badly affected by the legislation, introduced last July, restricting these machines to a maximum speed of 30 mph.

This has practically closed the market for sports models.

Registrations

In the January-July period, moped registrations dropped 55 per cent to 23,821 on the same months last year, according to the motor cycle registration information service.

Attendance at the show in London was yesterday set to pass last year's 127,000.

In the first six days 107,310 paying members of the public turned out and on Monday the attendance reached 22,700, the highest ever for one day in the recent series of shows.

Price rise sought for gases

By Our Consumer Affairs Correspondent

AIR PRODUCTS, the U.S. manufacturer of industrial gases which European operations are based in London, is seeking to raise its prices for a range of industrial gases by 6 per cent.

However, the Price Commission has decided to investigate the proposed rises and during the three months this is likely to take the company cannot raise its prices.

Air Products is the second largest supplier of industrial gases in the UK, after British Oxygen. Gases for which Air Products is seeking a price rise include oxygen, nitrogen, argon, hydrogen and carbon dioxide.

Monopolies probe clears Armitage

ARMITAGE SHANKS Group's monopoly in the home and export markets for the supply of ceramic sanitaryware does not operate against the public interest, according to a report by the Monopolies and Mergers Commission.

The Commission says that, while prices of coloured and luxury sanitaryware were higher than cost would justify, the company was not making excessive profits.

It also ruled that there was no price collusion among the major manufacturers in the industry. The railways weekly staff currently work a 40-hour week, and salaries are 38 hours. The claim applies to both groups.

Mr. Sid Weighell, the NUR general secretary, has also written to Mr. Peter Parker, chairman of British Rail, asking for an investigation into why the railways cannot recruit sufficient staff in a number of grades.

Mr. Weighell's letter says there are a number of grades in which the problem of recruiting and training staff is acute in which excessive overtime appears to be the established practice.

There are for instance, acute shortages in the permanent-way grades, of overhead linemen, signallers and of certain railmen, particularly shunters.

Dockers call off strike

DOCKERS at Southampton decided yesterday to end an eight-day strike over safety procedures.

Mr. Ritchie Pearce, chairman of the 1,900 dockers' shop stewards, said that the strike had been about safety procedures in the wider context and not simply about spots of oil on the litters of a container-moving machine.

The men had also received assurances about the future from the British Transport Docks Board. This enabled the shop

ICI withdraws pay offer to manual workers

BY PHILIP BASSETT, LABOUR STAFF

IMPERIAL CHEMICAL Industries yesterday withdrew pay proposals it had put to its manual workers in an attempt to solve the company's chronic shortage of scientific and technical workers which severely affected its Teesside operations.

The proposals, drawn up for formal negotiation with the company's eight signatory trade unions only weeks after agreeing a Phase Three settlement, were formulated without first taking into account considerations of Government incomes policy.

The Department of Employment has contacted the company about the proposals. ICI made it clear that it was aware of the 12-month rule in the White Paper setting out Phase Four, and gave assurances that an agreement on the site and agreement would not be outside guidelines.

The proposals have been withdrawn and a meeting with the unions next Thursday has been called off. The company said yesterday in a letter to all its employees that because of the serious problems, it would now consider "the steps it sees necessary to maintain production" at the affected Wilton plants on Teesside.

Under the proposals, workers in the top scientific and technical grades would have received a 7.5-week rise and those in the grade immediately below an increase of 5.5. All manual workers, including these two grades, have also been offered consolidation of 5.5.60 pay supplements.

The company said yesterday that the proposals would have gone to the meeting if the Wilton craftsmen had co-operated to alleviate a shortage of instrument artificers.

It said members of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union at Wilton have said that they cannot implement the co-operation measures, including the resumption of instrument artificer training acceptance of increased mobility on the site and agreement to "specific, limited and temporary use of contract" on Wilton instrument work until the pay changes have been brought in.

Mr. John Grime, secretary of the ICI joint shop stewards committee, said yesterday that the unions had not thought that the company could expect any movement on co-operation until after the pay changes. ICI shop stewards will meet to discuss the rates for craftsmen before they will agree to co-operate in the training of fitters and electricians to be artificers.

Shortages of artificers have forced the company to start a programme of plant closures at Wilton. A small ethylene plant has closed, an ethylene oxide derivative plant is unable to be commissioned, and parts of the polymer plant, which produces resin plants are now shut.

No workers have yet been made redundant at Wilton, though the company has stopped all further recruitment for the site.

Lorry drivers win 5% wage rises

BY NICK GARNETT, LABOUR STAFF

LORRY DRIVERS in national freight companies have won a 5 per cent rise in wages, together with drivers at the Freight Liners part of British Rail.

It gives drivers of the heaviest trucks 53p for a normal working week, together with consolidation of pay supplements in line with private haulage. A claim for an extra week's holiday was refused.

Lorry drivers, who in numerical terms were one of the most significant groups to breach the 20 per cent annual pay limit, are expected to mount a formidable challenge to the present 5 per cent pay guideline.

The Transport Workers have fixed their claim for rise of more than 20 per cent. Petrol tanker drivers, whose average pay is about £115 a week, are submitting substantial claims to the oil companies.

Railmen decide to go for 35-hour week

BY OUR LABOUR STAFF

THE EXECUTIVE of the National Union of Railwaymen decided yesterday to submit a claim for a 35-hour week to the Railway Staffs National Tribunal, the highest tier in the industry's negotiating structure.

The tribunal sits under Lord McCarthy, the industrial relations expert, in his capacity as an independent arbitrator.

The railways weekly pay staff currently work a 40-hour week, and salaries are 38 hours. The claim applies to both groups.

Mr. Sid Weighell, the NUR general secretary, has also written to Mr. Peter Parker, chairman of British Rail, asking for an investigation into why the railways cannot recruit sufficient staff in a number of grades.

BL pay parity move is frustrated

ATTEMPTS to accelerate pay parity, the root cause of the potentially devastating toolroom strike at BL SU Fuels Systems was yesterday frustrated when the national negotiating committee for 130,000 manual workers met in Coventry.

Although the introduction of parity is regarded as an important means of overcoming frequent disruptive stoppages over pay, the meeting got bogged down over arguments over the cut-off points for the 60 "benchmark" jobs and the grades they should merit.

Weekend flight delays of up to 34 hours

BY LYNTON McLAIR

MANCHESTER AND Glasgow airports are likely to be among the worst hit this weekend as passengers face delays of up to 34 hours because of continued industrial action by French air traffic controllers.

The dispute has cost Thomson Holidays £500,000 in accommodation, coaches and extra flights. But last night the travel organisation said it planned to re-route holidaymakers for the Costa Brava, Spain, to and from northern Italy.

Up to 2,000 passengers would be offered the chance to fly from

Radiochemical Centre exports increase 5%

BY DAVID FISHLICK, SCIENCE EDITOR

THE RADIOCHEMICAL Centre, the State-owned company manufacturing radioactive drugs and chemicals, last year increased its exports to 33 per cent of its sales which totalled £32.7m.

In the previous year exports accounted for 78 per cent of sales. Writing in the annual report, published today, Sir John Hill, chairman, pays tribute to the "strength and commercial resilience" of the overseas marketing division which has produced sales of £27.2m.

Group sales as a whole rose by 82 per cent, although part of the increase was due to the changed status of its U.S. company, from an associate to a wholly-owned subsidiary called Amersham Corporation.

The Radiochemical Centre increased its pre-tax profits from £4.9m to £8.7m — a 33 per cent return on capital employed. The dividend for the year is £719,000, payable to the UK Atomic Energy Authority, of which it is a wholly-owned subsidiary.

Teesside 'cheap iron' plant on stream

By Roy Hodson

BRITISH STEEL Corporation's plans to make iron cheaply from imported ore are nearing completion. One vital stage was completed yesterday when an ore-pelletising plant which has cost £39m was commissioned on Teesside.

The processed ore will supply Europe's biggest blast furnace, being built at Redcar, Teesside. The 10,000-ton-a-day iron output will be a major factor in British Steel's programme for reducing production costs at Teesside and other Northern Steelworks.

With the commissioning of the new ore plant, which can produce 3m tonnes of pellets a year, the corporation has spent £164m on the Redcar development.

A 4m-tonne-a-year ore sinter plant was commissioned earlier in the year, and a battery of coke ovens in May.

With associated steelmaking and finishing plant the Redcar site is Britain's biggest integrated steelmaking investment.

Mining plan approved in National Park

BY OUR NORTHERN CORRESPONDENT

DRESSER MINERALS International is to be allowed to mine fluorspar in the Peak District National Park after a decision yesterday by the Parks Planning Committee to reverse its earlier rejection of a company application.

There have been negotiations since the application was turned down in July. Dresser has agreed to put up a bond guaranteeing full restoration of the ten-acre site to be mined.

The company originally opposed a bond. It is now understood to have agreed as a condition of the planning permission a guarantee equivalent to 70p per cubic metre of "void" created, totalling an estimated £175,000.

At the committee's insistence an inflation element is to be built in. Negotiations will decide the basis for calculating this.

The application by Dresser has aroused strong feeling in the Peak District, with opinion divided.

Opposition came from conservationists, farmers and a number of the residents against an exploitation of a particularly scenic part of the park.

Support came from some people in the community most affected, the village, Youlgreave, who hope for increased jobs. The ore is widely used in metal-making and chemical manufacture, and will go to markets in the UK, Europe and the U.S.

Dresser is expected to extract about 1m tons of ore by open-cast

working from a vein up to 100 ft deep by 40 ft wide over five years.

The company has taken over a plant formerly owned by an Italian company, Giulini, which exploited part of the same vein before withdrawing two years ago.

Part of the opposition has stemmed from the dereliction left behind by Giulini. Under the new terms Dresser is expected to fill in these workings as well as its own pits.

Dresser, which has invested about £4m in taking over the mine and processing plant, said it was pleased with the decision and hoped to start work "as soon as possible."

Employment at the mine is likely to be small, but there may ultimately be 200 people at the processing plant in ancillary work such as transport.

The park has reversed its decision partly because of the bond, but also because of doubts as to whether it could sustain a refusal at a public inquiry.

The granting of permission to the ore plant has created a precedent. An earlier refusal to sanction ICI plans to quarry for limestone in the park was overruled by Mr. Peter Shore, the environment Secretary.

In dispute with Mr. Shore over its draft structure plan, the authority has been told by him that applications for mineral extraction must be looked at on their merits without onus on the industry to prove national need.

Mr. G. Minden leaving Aston Martin Lagonda

By Terry Dodsworth

MR. GEORGE MINDEN, co-chairman of Aston Martin Lagonda and one of the architects of the rescue bid for the company two years ago, is leaving because of his expanding business interests abroad.

He said yesterday that his hotel and car dealership business in London and elsewhere had reached such an extent that he needed to devote more time to them.

He is selling his shares, believed to account for a relatively small proportion of the equity, to the other three partners in the company — Mr. Peter Sprague, chairman, Mr. Alan Curtis, managing director, and Mr. Denis Platter, the former chairman of the BRM racing concern.

Mr. Minden, a Canadian, has played a fairly active part in Aston Martin Lagonda's affairs in the past two years, mainly on the design and styling side of the business.

In this period, the company has broken back into small profits of £385,000 post-tax last year.

Express plans to launch Manchester-based daily

BY JOHN LLOYD

THE PUBLICATION of a new popular tabloid daily newspaper by Express Newspapers now seems likely, after successful discussions between Express management and unions in Manchester and London.

It is thought likely that an announcement will be made on September 14 or 15, when the Express is mounting a major presentation to advertisers in the Mayfair Hotel, London. This would enable the new paper to begin production in October.

Mr. Jocelyn Stevens, managing director of Express Newspapers, was encouraged by the reception given to the plans to publish a daily element affecting Manchester when he met the printers' and journalists' union leaders in Manchester on Thursday.

Further meetings with the unions in London yesterday are also said to have been successful. The co-operation of printers and journalists in London may be required to advance the production schedule of the Daily Express, in order to relieve pressure on the Manchester presses once the new newspaper starts production.

Mr. Derek Jameson, editor of the Daily Express, expressed the need for a new paper in Manchester and London. An earlier refusal to sanction ICI plans to quarry for limestone in the park was overruled by Mr. Peter Shore, the environment Secretary.

In dispute with Mr. Shore over its draft structure plan, the authority has been told by him that applications for mineral extraction must be looked at on their merits without onus on the industry to prove national need.

Higher quality products is met from the Continent. There is also a shortage of skilled labour, such as ex-BEAs in Wrexham. A number of reasons are being advanced in the trade why the apparent initial interest in the plant by potential buyers has not been taken any further.

First, although the Wrexham factory produces a suit substantially cheaper than a Chester Barrie, it is geared to manufacture a product which is likely to have a price tag of more than £100. Many retailers expect to buy a suit from the manufacturer which they can sell at less than £100 after their mark up of about 100 per cent has been added.

A number of visitors to the Wrexham plant are also thought

Barrie factory closure likely

BY RHYS DAVID

THE MODERN clothing factory formerly belonging to Chester Barrie at Wrexham is likely to close with the loss of about 250 jobs as a result of the failure of the Receiver to find a new buyer.

Chester Barrie's main factory at Crewe, making hand-stitched suits and other outerwear, was sold in May to the Austin Road group, but, against expectations, a few years ago to make high quality machine-produced suits, jackets and trousers, has stayed on the market.

Staff were warned recently that closure was expected, and a few weeks ago, Mr. Cyril Nield, assistant to the receiver, Mr.

Philip Livesey, of Cooper Bros. Lybrand, said yesterday that there was no longer any work to feed into the factory, which has largely finished production for the autumn season.

Closure is expected over eight to ten weeks and local Department of Employment job centre officials have visited the plant to begin arrangements for registering the workers.

During the six months the factory has been in the hands of the Receiver several prospective purchasers have visited the factory, and the lack of any positive offer remains something of a mystery.

There is a shortage in Britain of modern clothing factories particularly for men's suitings, where much of the demand for

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THE WEEK IN THE MARKETS

Equities back below 500

The Financial Times Industrial Ordinary Index is back below 500 after breaking through the barrier some 3½ weeks ago. Demand throughout the week has been very thin with mark-ings on Tuesday the lowest for six weeks. Clearly the institutions are playing a waiting game during the uncertainties over the possible election date. Gifts were equally unsettled in a week that saw further rises in the U.S. prime rates.

Reed Paper cuts

Reed International is still wincing the surgeon's knife as it sets about repairing its balance sheet. Negotiations are now under way to dispose of the group's 97 per cent stake in the troubled Toronto based Reed Paper.

So far this year Reed International has sold its joint venture interests in British Columbia and a 65 per cent stake in Nampak the South African packaging operation for a total of \$66m.

It takes no more than a quick glance at Reed's balance sheet to discover the reasons behind this rapid disposal programme.

LONDON ONLOOKER

At the end of March this year the group showed total net borrowings of \$38m compared with shareholders funds of \$178m. Since then the disposal of the Nampak stake has released \$24m specifically to repay foreign currency borrowings. On top of this Reed has said that

it is to make early repayment of \$25m Sw Fr borrowings. A successful sale of the Canadian stake will further ease the strain.

Reed Paper, which itself had debts of around £90m at the end of last year, is in the British parent's books at around £50m but this was before the sale of the British Columbia joint venture interests.

Several major Canadian companies are showing an interest in the stake, including the country's largest forest products group MacMillan Bloedel but Reed stresses that these talks are only at the preliminary stage.

The effect of all these disposals will be to turn Reed from largely an international pulp paper and packaging company into a concern with mainly UK based interests while some analysts estimate that the next balance sheet could show net borrowings of perhaps around £240m compared with estimates shareholders funds of around £215m.

Rights revival

It has been a busy week for rights issues. There have been four cash calls for amounts totalling £35m, the highest weekly figure since the beginning of May when Rowntree Macintosh asked for £36m. This part of activity lifts the August month total to £68m, way ahead of the £38m for June and July combined.

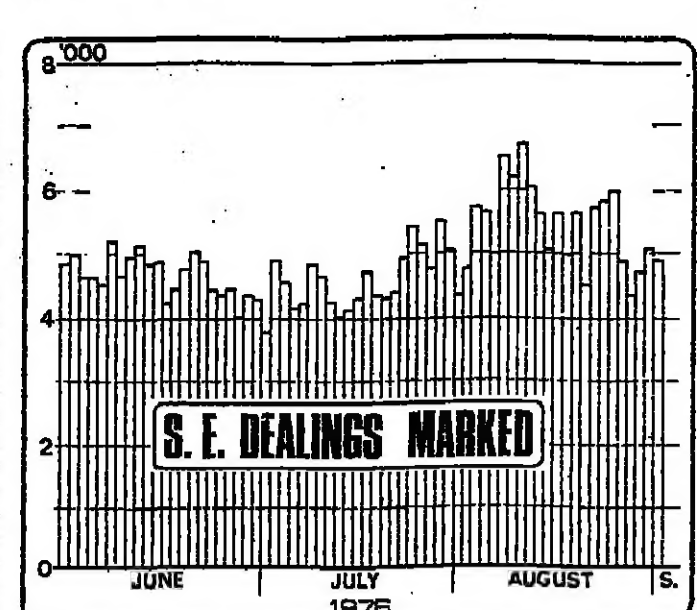
But the timing of these offers is coincidental and does not herald a major upsurge in the number of equity issues. BTR, raising \$54.1m, has probably been planning a rights since the £25m acquisition of the U.S.

company, Worcester Controls, last June. It is hardly surprising that it held off until the holiday season was over, and the rise in the market since early in July has been good enough to prompt a number of rights issues. The weakness in recent days would have little bearing.

Two other issues from Initial Services (£7.6m) and Howden Group (£2.4m) appear to have been timed so that recent buoyant preliminary announcements have had time to work on the market price. In both cases the rights offer price is similar to the market price prior to preliminary profit announcements last month. As for the small Dorada issue the timing of that appears to have been dominated by the half year figures. So this week has been a flash in the pan.

Burmah down under

Burmah Oil has sold its remaining Australian hydrocarbon exploration and production interests to a local consortium for almost £11m. The consortium, headed by West Australian property man and yachting personality, Mr. Allan Bond, has agreed to pay £3m immediately, £8m in the next three months, a further £1m in May and the balance will be handed over in November, 1979. The consortium will get substantial shareholdings in three companies that control 46.6 per cent of the Cooper Basin oil and gas joint venture, which supplies natural gas to Sydney and Adelaide and has proven reserves of 3 trillion (million million) cubic feet of gas and about 314m barrels of oil and natural gas liquids. The Bur-



mah interest has been on the market for some time but the sale is regarded more as a tidying up operation than as a final part of the massive asset disposal programme the group embarked on in 1975-76. The funds released by the Cooper Basin sale will be invested elsewhere within the group.

Laing reorganisation

The market clearly agrees with John Laing and Sun that the sale of its parts is worth more than the group as it stands. Since May, when Laing first announced plans to create separately quoted companies for its property and construction activities, its shares have risen by 80 per cent, from 133p to 213p at the close last night.

The commercial logic of the move, although sound, is of less immediate relevance than the

impact of a split on Laing's investment image. And the success of the reorganisation in highlighting the scale of its property side—now valued to show barely geared net assets of 156p a share—has been taken as a spur to look more closely at the property interests of the other major contractors.

Taylor Woodrow, George Wimpey and Richard Costain all have property businesses large enough to warrant a separate quotation and in looking at these shares Laing's trail blazing efforts have not been lost on the market. Whether any of these groups actually follows the Laing route remains to be seen. But Laing's move can do the sector nothing but good as dealers ride the goodwill created by the rediscovery of invisible property giants among the builders.

TOP PERFORMING SECTORS IN FOUR WEEKS FROM AUGUST 3
Electricals -7.1
Contracting, Construction -4.7
Office Equipment -5.1
Merchant Bankers -4.1
Le. Electronics, Radio TV -3.8
Mechanical Engineering -3.4
All-Share Index -0.6

THE WORST PERFORMERS
Newspapers, Publishing -2.9
Investment Trusts -3.3
Insurance Brokers -3.7
Household Goods -3.8
Insurance (Composite) -3.9
Breweries -4.2

U.K. INDICES

Average week to	Sept. 1	Aug. 25	Aug. 18
Govt. Secs.	70.39	70.62	70.99
Fixed Interest	72.21	72.50	72.84
Indust. Ord.	501.3	516.9	511.4
Gold Mines	179.7	178.1	195.6
Deals mtd.	4,768	5,420	5,407

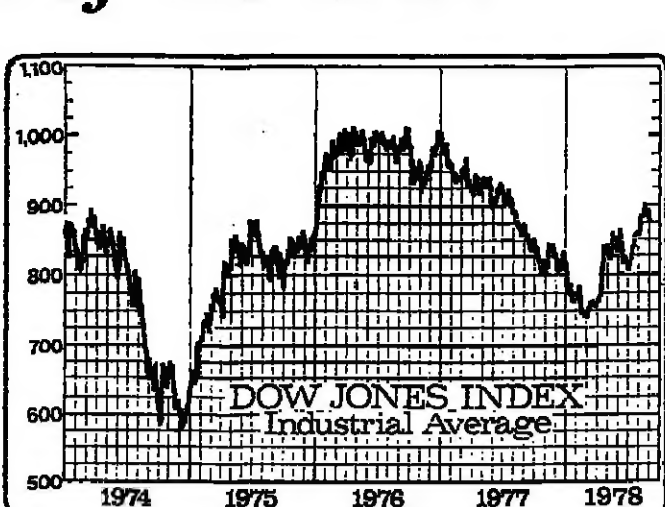
FT ACTUARIES

Capital Gds.	241.05	246.53	242.33
Consumer (Durable)	216.38	224.13	220.19
Cons. (Non-Durable)	216.19	222.78	220.82
Ind. Group	228.28	234.50	231.41
500-Share	251.42	258.36	254.07
Financial Gp.	172.22	177.10	176.27
All-Share	231.03	237.41	234.28
Red. Debs.	57.80	57.81	57.49

The luck of the draw

TRADITIONALLY as New York's hot and steamy August drew to a close, Wall Street galloped towards Labour Day weekend like a pack of harts to a cooling stream. The passing of Labour Day, which falls on Monday, promises cooler weather but also a renewal of investment activity and as a result the stock market is usually in a buoyant mood as this weekend approaches. This is the week when historians remind investors that in the three trading days before Labour Day weekend the Dow Jones Industrial Average has gained in every one of the past 17 years.

History however, has been stood on its head, this week and this month. August has been anything but a slack month and it will be surprising if average daily trading volume has not been in the region of 30 million shares. The rally which began last April has maintained its momentum during the month which has seen the Dow repeatedly beating at the 900 barrier. Rising interest rates, which continued this week with an increase in banking prime rates to 9½ per cent, have not really taken the heart out of the market but



casino gaming were in tremendous demand. The reason, it will be recalled, is that, with the gaming confined to the state of Nevada until the recent legalisation of gambling in Atlantic City, New Jersey, spread the conviction that not only is there a vast investment potential in companies already established or planning to establish themselves in New Jersey but also that many other States are likely to succumb to the lure of higher tax revenues and more tourism by legalising gambling.

The people of Florida, where the decline of Miami Beach as a tourist haven is a source of local concern are to vote on legalised gambling on November 7 and this prospect is polishing the attraction of not only gambling stocks but also of one of the main carriers into Florida, Eastern Airlines.

While some stockbrokers see the extraordinary interest in gambling stocks as encouraging because it is an indication of the return of the individual investor to the market, there is concern elsewhere. Much of the buying is seen to be indiscriminate and lacking in any kind of appreciation of the relative prospects of the various stocks.

Mr. Robert Linton, president and chief executive of Drexel Burnham Lambert, sent out an internal memo to his salesmen this week stressing the need to provide customers of "a thorough understanding of the risks involved in buying these shares." But A.G. Becker, Friday

another leading brokerage house, went a step further yesterday to cool some of the investment ardour and announced that it would require 100 per cent of the purchase price of five gaming companies' stocks—Resorts International, Playboy, Ramada Inns, Caesar's World, and Bally Manufacturing. Becker's previous cash requirement had been 50 per cent and the firm offered no explanation for its move beyond "our management feels it is in both our interest and that of the investing public."

At least some of this week's speculative fervour seems to stem from a report Merrill Lynch issued on the gaming industry ten days ago. The report did not recommend any stocks, except by implication through a list of leading companies which did not include the likes of Caesar's World, Resorts International or Playboy. Although Merrill Lynch stressed the need for discrimination, it arrived at the influential conclusion that the gaming industry had the potential to be one of the high growth segments of the economy and that "the stocks of some of the large companies in the industry may be attractive longer term investments."

CLOSING PRICES

	Close	Change
Monday	894.88	-10.65
Tuesday	880.20	-4.68
Wednesday	880.72	+0.52
Thursday	876.82	-3.90
Friday	879.33	+2.51

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1978	1977
	Yday	Week	High	Low
Ind. Ord. Index	498.0	-15.4	523.2	433.4
Exchequer 9½ 1982	492½	-1	£100½	481½
British Petroleum	87½	-30	92½	720
Brown (J.)	45½	-16	49½	231
Central Pacific Minerals	42½	-125	820	150
Church & Co.	170	-21	196	150
Conzinc Rietveld	314	+28	314	148
FNPC Ltd. 1992/97	430½	+54	432	410
Glanville	407	-21	435	515
Guthrie	370	-17	400	213
Hiscock Johnson	181	-16	197	125
Morant (Wm.)	24	+14	27	11½
Pearl Assurance	242	-26	272	216
Racal Electronics	316	-20	344	196
Reed Intl.	158	+8	164	102
Scottish Agricultural	207	-13	225	190
Sun Alliance	550	-34	606	504
Tarmac	156	-14	174	124
Thorn Electrical	378	-18	400	308
Whessoe	44	-8	97	66

Breaking down barriers

THE EUROPEAN Options Exchange has at last shown signs that it might not be a failure after all. On Monday this week, a record 3,364 contracts were recorded, still well short of the 7,000 that are needed before the breakeven is reached, but promising nonetheless.

The average volume this week was 2,000 contracts per day, more than double the average since the start in April.

Leading London jobbers, Wedd Durlacher and Smith Brothers, revealed this week that they have applied to the London Stock Exchange Council for permission to join the EOE together as a market maker.

They would be the first British jobbers to take a seat on the EOE and the first British firm to become market makers (roughly the equivalent of jobbers in the ordinary share market) as opposed to public order members (equivalent to brokers). Their entry into the market would be greatly welcomed by the EOE which at present only has seven active market makers although about another 10 have bought seats.

One British broker who deals in the London traded options market, but not on the EOE in Amsterdam, said last week that he still regarded the EOE as "a dismal failure." Even if the average of 2,000 contracts per day could be maintained, that is too far below breakeven after a long run in, he said. The volume had been boosted of late because the underlying market in Dutch securities has

soon get the all-clear from the French and Dutch authorities to deal in options based on French company shares.

It has still to be proved that a really effective options market can be created away from the country where the underlying securities are based. The EOE has to overcome the coolness of national governments towards seeing the kudos go to the Dutch Government. And if it succeeds, it may still have to compete with locally based option markets.

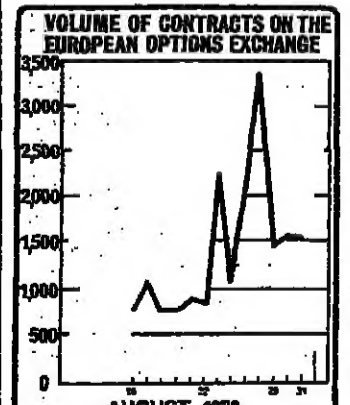
The EOE is certainly doing everything it can to get the market moving. Mr. Scholten said yesterday that he hoped "put" options could be introduced on some securities before the end of the year. A "put" option is a right to sell shares at a pre-determined price for a given period, whereas the existing "call" options are a right to buy shares at a set price.

The chances of the EOE were boosted yesterday with the news that the General Director of the Dutch Tax Office has decided that traded options listed on the EOE are to be considered as securities and the writing of covered call options will not take institutional investors outside the list of authorised investments. The EOE expects much greater institutional involvement as a result and more attractive option prices.

Government attitudes to options are crucial to the success of both the London and Amsterdam markets. Grievous Grant, which has one of the largest private client lists, reckons that business in the London traded options market would multiply three or more times if the personal tax position was resolved favourably. At present it is feared that traded options will be treated as wasting assets, giving rise to a high capital gains tax liability.

The fortunes of the London and Amsterdam markets still hang in the balance. But the stakes are quite different. In London the traded options market is merely an extension of the existing market and has involved minimal capital expenditure. The Dutch market cost several million pounds to set up and will leave a lot of burnt fingers if it fails.

On the other hand, if Amsterdam can succeed in breaking down the international barriers, the reward both in terms of monetary gain and prestige for the Netherlands as an international financial centre would be commensurately great.



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Remember the price of units and the income from them can go down as well as up.

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Save & Prosper Group was founded in 1934 and in addition to being Britain's largest unit trust group is a major force in the life assurance, pensions and annuities field.

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Please tick if you wish the United States Growth Fund units to be valued at "C" calculated at the offer price ruling on receipt of this application. (Minimum initial purchase £250, £60 for subsequent purchases.) A remittance is enclosed.

Mr/Ms/Miss _____
Full Name(s) _____
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I declare that I am over 18 and am not resident outside the UK or other Scheduled Territories and that I am not requiring the above units as the nominee of any person resident outside these Territories. (If you are unable to make this declaration a statement should be deleted and the form lodged through your UK bank, stockbroker or solicitor.)

Signature _____ Date _____

Enclosing United States Growth Fund unitholders please tick here: ☐ For Office Use Only 436/FT/1

If you would like distributions of income to be reinvested in further units please tick here: ☐

If you would like details of the Share Exchange Plan please tick here: ☐

SAVE & PROSPER GROUP

FINANCE AND THE FAMILY

A joint bank account

BY OUR LEGAL STAFF

If my wife and I open a joint bank account, and one of us were to die, would the other be able to continue to draw on the account without question? Would the survivor have to take a will to probate or receive letters of administration?

The survivor of two joint holders of a bank account is fully entitled to draw on the account. It is not necessary to prove a will or have letters of administration of the estate of the first to die. If the mandate is joint and not several (i.e. both signatures being required), proof of death may be required, but a certified copy of the death certificate will suffice for that.

national tax-avoidance scheme along the lines you appear to have in mind.

In any event, you should consider whether the proposed new double taxation convention between Italy and the UK (to supersede the existing 1960 convention, as amended in 1969) may make artificial arrangements pointless.

A good root of title

I have some old deeds from 1787 on relating to my property. I understand that deeds relating to the past 15 years are all that are legally required in case of sale. Could I therefore retain these old documents?

Pre-root deeds may be retained if they do not contain material affecting the modern title. Assuming that there is a deed which is a good root of title in the 19th or 20th century it is most likely that you can retain the earlier deeds.

Certificate for value

My daughter and her husband jointly owned their freehold of the house in which they lived and in June 1976, he transferred to her his interest and ownership by a Deed of Gift, duly witnessed and bearing a 30p stamp. She has now been advised that if she decided to

sell the house, since the Deed did not contain what is called a Certificate of Value the Deed should carry a stamp of £388 on the assumption that the market value of the property was £19,000 if it had been sold in June 1976. What, please, are your views?

If the parties to the Deed of Gift are still available to re-execute the Deed, the Certificate for Value may be added even though this is done after the Deed was executed, and the addition signed by the parties to the Deed. The Certificate would be at £20,000 and duty would be payable at 1 per cent on the whole value of the property.

Income of children

My son has invested, by designated accounts, £300 for each of his four children in accumulating unit trusts.

(a) Can he reclaim on their behalf the tax credit sums involved? (b) If a grandparent invests £2,000 for a grandchild, to produce £200 pa gross, would income-tax be payable on such a sum and would the parents' child allowance be lost (or reduced)?

(a) No: Income arising while they are minors (and unmarried) is taxable as part of your son's income, under section 437 of the Income and Corporation Taxes Act, 1970, as amended.

Tax and an annuity

I am receiving an annuity from a self employer contract, under provisions of Finance Act 1956, where premiums paid were tax free and annuity payments were taxed as earned income. The Inspector of Taxes has added this annuity payment to dividend and Building Society interest for surcharge as unearned income at 15 per cent. Do you not agree that this is incorrect?

Provided that the whole of the premiums were tax-free, then you are right. Section 226(1) of the Taxes Act says that "any annuity payable... shall be treated as earned income of the annuitant to the extent to which it is payable in return for any amount on which relief is so given."

If you have not already done so, you should at once give (i) notice of appeal against the assessment (on the grounds that it offends section 226(1)) and (ii) notice of application to postpone payment of the tax overcharged. The statutory time limit for both notices is only 30 days from the date on the assessment notice, but the Inspector is unlikely to object to late notices, provided that you act promptly upon receiving this advice.

Maintenance payments

Our reply of last Saturday under Separation and return to UK, in which we said that the first £1,500 of maintenance payments would escape the investment income surcharge, was written some time ago. Since then by Section 31 of the Finance Act, 1978, maintenance payments have been made wholly exempt from the surcharge for 1978-79 onwards.

In these circumstances, while the price of gold might fluctuate, it is unlikely to fall dramatically.

Sillit, Mr. Etheredge is no doubt keeping an eye on the movements of the U.S. economy. A slowdown, forecasted by the latest indicators, whether or not it is caused by tight monetary policy, could reduce the trade deficit and take some pressure off the dollar. And that would take some of the shine off Anglo-American's gold profits.

On the assumption that the U.S. remains the most likely candidate to lead the international economy out of recession, such a slowdown would not do much to help the base metal mining groups either. Their dependence on a sustained revival of industrial activity remains.

But without any clear idea of what the U.S. will do about its economy, it looks as if the present pattern of company results will continue. Over the past three years, it is generally true that groups with substantial precious metals interests have been doing rather well, while those most exposed to the recession in the base metals markets (with the exception of tin) have found the going tough.

The point has been emphasised this week by annual figures from Johannesburg Consolidated Investment of South Africa and MIN Holdings of Australia and half-yearly results from Union Corporation, the South African mining finance house, and Conzinc Rietveld of Australia.

The most notable feature of the Johannesburg figures was the provision of R44.4m (£38.5m), totally to write off its Namibian copper mine, Orjha, which was placed on a care and maintenance basis at the beginning of the year.

Not everyone need drive

THE REGULAR increases in motor insurance premiums hit hard at those already on the full rate of discount. They are even worse for anyone who had made one or two claims during the year, in view of the reduction in no-claim discount which will result. There is, therefore, pressure to try to reduce the premium.

Already, most motorists have a worthwhile voluntary excess in their policies, whereby they pay the first, say, £25 of any claim, thereby earning a worthwhile discount off the premium. In some cases, excesses of up to £100, or so, are accepted on a voluntary basis.

One can, however, voluntarily restrict the driving of the car so as to earn a further discount. Restricting the driving to one self is likely to be most profitable. Some insurers give higher discounts if driving is restricted to a named woman, rather than a named man. They avoid trouble with the Sex Discrimination Act by pointing out that their statistics show that the claims experience of women is better than that of men. Nobody is necessarily suggesting that women are better drivers than men: it is simply that, on average, women, probably are on the roads less than men (and thus there is less chance of an accident). Also, it seems as though, on average, women's accidents are marginally less expensive than those of men.

If the driving is restricted to husband and wife, most insurers

allow a rather less generous discount than if it is confined to one person. This discount, however, can be well worth having, provided there will be no question of one wanting to lend the car to a friend, colleague, or one of the children (if they are old enough to drive). Incidentally, if a son or daughter will be starting to drive, the insurers should be advised at the renewal preceding this event. No extra premium is likely to be charged, since there will be a compulsory excess (in addition to any voluntary excess) in the event of an accident while he or she is at the wheel. If, however, there are one or two accidents during the year, tougher terms may be imposed at the following renewal.

Although a useful discount can be earned by restricting the driving of the car, many insurance brokers are against the idea. "This is unlikely to be solely because any reduction in premium reduces their commission earnings. They are always the possibility that, in the heat of the moment, the driving restriction may be forgotten, with serious consequences. Sometimes, if another motorist wants to borrow the car, he or she will point out that there is cover under his or her own motor policy. Here, however, there is cover for driving other cars only under the third party section. While, therefore, the person borrowing the car will be covered under

his or her own motor policy cover for third party claims, and thus will have insurance to comply with the law, there will be no cover at all for the car itself. Even when no special restriction has been imposed on who may drive, there are pitfalls. With the most common type of policy, the car can be used for social, domestic and pleasure purposes (sometimes flippantly referred to as, respectively, taking a friend, one's wife, or one's mother-in-law to hospital), and business use by the policy holder in person does not involve commercial travelling (generally considered to be soliciting for business).

While, therefore, one can lend the car to somebody else for social, domestic or pleasure purposes, there is unlikely to be any cover under the policy if, due to some minor emergency at work, a business colleague needs to borrow one's car. The same type of problem could arise where the family car is insured in the husband's name, but the wife has a job of her own. Without the prior agreement of the insurers, the wife, in that situation, would not be able to use the car in connection with her business.

Usually, insurers are fairly lenient about those to whom the car may be lent, simply specifying that the driver must hold a licence, or not be precluded from holding one. Lending the car, therefore, on an isolated occasion to someone with a poor driving record should be all right (that is, partly why a discount is allowed if the driving is restricted to named drivers), but there would be no cover if somebody who had been disqualified from driving should borrow the car.

Similarly, while there is cover for a learner driver with his or her provisional licence, considerable care needs to be taken if a child below the age of 17 wants to get behind the wheel of the car—on public property. Firstly, there will be no cover under the policy in such circumstances. Secondly, it is important to make sure that this under-age driving is not taken place where insurance is compulsory by law. Section 196(1) of the Road Traffic Act, 1972 defines a road as "any highway and any other road which the public has access to, and includes bridges over which a road passes." The important point is that compulsory insurance is required not only for public thoroughfares to which the public at large has a definite right.

There is no easy way of determining in advance whether insurance is compulsory. The best advice is not to take chances anywhere where the public has access, even though the area may not be "public". Finally, if a learner driver goes on the road, complete with provisional licence, it is important to make sure that he or she is accompanied by a supervisor at all times—either for a simple operation, taking the car out of the garage and parking it on the road, a policy may very well exclude claims for accidents involving unaccompanied learners. There is no such document as a "standard" motor policy, each insurer takes its own line. If in doubt on any point, consult the insurers in advance. It is much better to worry than to unnecessarily risk the car being on the road without adequate insurance.

International tax avoidance

I believe I read in your column some time ago that an Englishman living abroad (in Italy in my case) could pay maintenance to a divorced wife, living in England, as a net sum, voluntarily, each month. Thus the husband would not be able to claim allowance against income tax paid on his earnings, and the divorced wife would not have to pay tax on the maintenance. Is this correct?

The scope of case V of Schedule D etc. is such that there is a risk of getting the worst of both worlds: for the parties to the broken marriage. Skilled legal and tax advice should be sought before embarking on an inter-

Tax for a non-resident

In a reply under Tax for non-Residents (July 12) you wrote "Your overseas dividends... will suffer tax... (unless they are mandated to a bank outside the UK)." Does this mean that if I instruct the company to forward my dividends to my bank in New Zealand, UK tax will not be deducted? (I am non resident in UK and resident in NZ and hold a NZ passport.)

You have not given us enough precise details of your overseas shareholdings for us to give you a clearcut answer. Briefly, if the shares are on a register maintained outside the UK (as in the case of the reader whose

letter was published—in edited form—on July 22), then mandating the dividends to an overseas bank outside the UK should avoid any question of deduction of UK tax. Mandating them to an overseas branch of a UK bank should similarly avoid deduction of UK tax, but you should check with the bank you have in mind, to see what formalities (if any) they require.

On the other hand, if the shares are on a register maintained in the UK for if the dividends are distributed through paying agents in the UK), then mandating the dividends to a bank outside the UK will probably make no difference to the question of deduction of UK

tax. In this situation (assuming that the shares are registered in your own name, not in nominee or marking names) you should apply for forms A1 and A3 to the Inland Revenue Foreign Dividends Office, Lytton Road, Thames Ditton, Surrey, Great Britain KT7 0DP. Exemption is unlikely to be authorised whilst you are actually in the UK.

As far as any shareholdings in UK companies are concerned, no doubt you are aware of the provision of the NZ-UK double taxation agreement of June 13, 1968, (as extended by section 95 (1) of the Finance Act 1972) and you have probably read about the negotiations for an amending protocol recently.

Fertile ground for rumours

WHEN BUSINESS conditions are slack and there is time to gossip, conditions are ideal for spreading rumours. So it was yesterday morning on the London gold share market. In South Africa and the U.S., dealers were more interested in the prospect of a long weekend than in trading shares.

The rumour circulating with the most conviction was that, this weekend, the Carter Administration will announce a package to protect the dollar, not just a few stop-gap measures but something sweeping. It was enough to make investors trend wildly.

The logic of the reaction was impossible. The dollar price has been linked to the movement of the dollar—one up and the other down—and gold share prices have been linked to the movements of bullion. The announcement of the dollar by a few cents could take seven or eight dollars off the bullion price.

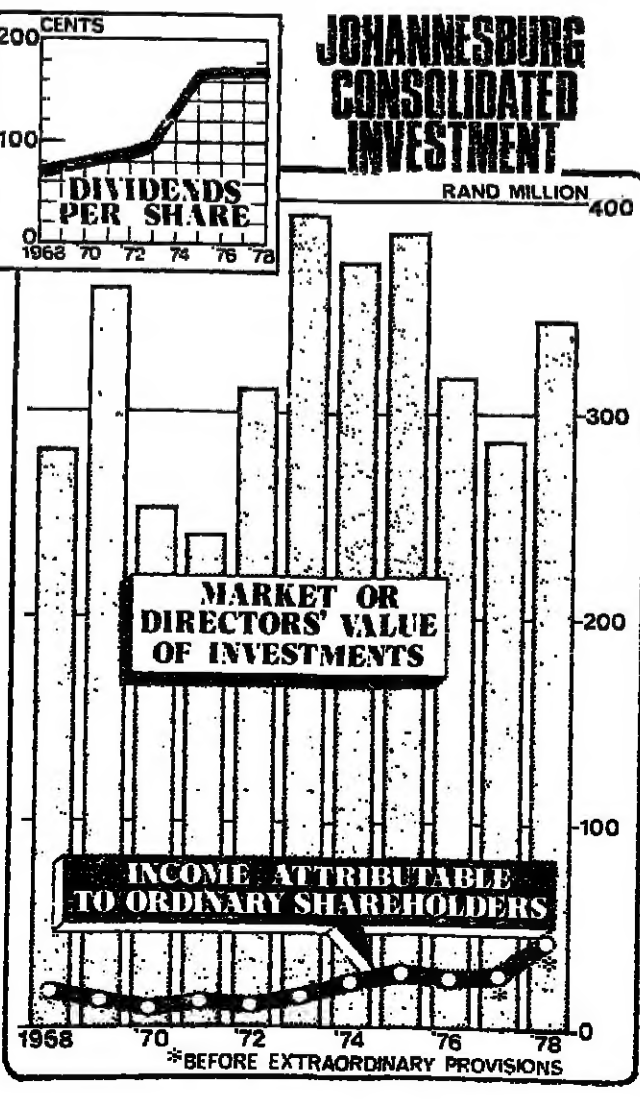
In the event, the bullion price ended the week firmly at \$208.875 an ounce and the Gold Mines Index yesterday was 180.2 for a week's net gain of 4.3. At these levels, however, the view is gaining ground on the market that the potential for a downward movement is much greater than for a further strong rise.

But this is not to say that the bottom is about to fall out of

the bullion market. Industrial demand remains strong and there has been no marked growth in western world mine production. Earlier this week, Mr. Dennis Etheredge, the chairman of the Gold Division at Anglo American Corporation noted, "There are a large number of people and institutions who are interested in maintaining a high price for gold."

MINING

PAUL CHEESERIGHT



bring its net income for the six months to June up to R24.4m (£21.4m) against R18.5m in the 1977 first half. The interim dividend is raised to 15 cents (8.9p) from 12 cents.

And the prospects are good for the second half. The group anticipates that net income will be much the same as in the first half.

Certainly the position looks healthy—more so than at MIN where net profits, before an extraordinary item, were £399.2m (£23.3m) for the year to June compared with £543.6m the year before. Although the group has a high level of capital expenditure, the main cause of the fall was a lower level of prices and sales for copper and zinc. The final dividend of 6 cents (3.6p) maintains the total at 4 cents.

There was a similar story at CRA, which also complained about the weakness of the U.S. dollar relative to the Australian dollar, as net profits for the half year to June slipped to A\$5.7m (£21.2m), despite a once-and-for-all gain of A\$12.4m on the re-arrangement of salt and aluminium interests, from A\$44.8m in the same period of 1977.

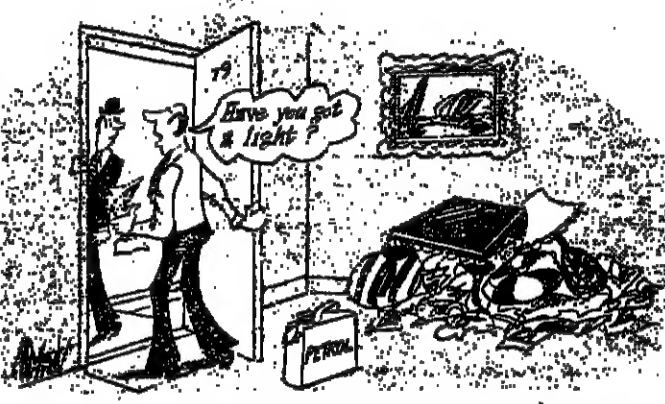
The interim dividend was cut to 3.5 cents (2.08p) from 4.5 cents last year. But shareholders may feel some relief from the group comment that local business conditions have improved and a better balance of metal supply and demand has been achieved on the international markets.

Now you might think that a most unlikely tale, straight from the celluloid world of American soap opera. In fact it is told in a serious work with pretensions to scholarship and a price to match: *Arson Investigation*, by Robert E. Carter.

Mr. Carter's book, part of the Fire Science Series put out by the California-based Glencoe Press, is in some ways excessively worthy. It goes, for instance, into "today's arson problem," the chemistry of fire, the scientific aids available to the investigator, and above all—in wearisome detail—into the subject of interrogation of witnesses and suspects. "The zooming and appearance of the interrogator are important considerations. Dress should be neat but conservative, not loud and flashy. Clothing should command respect but should not offend the subject or cause resentment because of its evidence of affluence."

Every now and again, however, Mr. Carter enlivens this somewhat turgid dissertation with examples of the more lurid extremes of human behaviour. There was, for example, the 12-year-old boy who set his bedroom afire, and rigged the evidence to suggest that his father was the guilty party; he thought that his mother might be able to get a divorce on the strength of that. There were the four jolly gentlemen who went for a ride in an old and battered banger, went four

The ins and outs of arson investigation in the United States



CRIME

ADRIENNE GLEESON

effects on the materials with which it comes into contact. You might think that fire was the best way of destroying the evidence of crime, but not so to the trained eye, it appears: burnt out shambles can—with stamina and patience—be made to read like an open book. I decided, after reading this book that arson was a dangerous business in every sense of the word.

It's Mr. Carter's contention that insurance companies in America do not put enough effort into catching out the arsonist, and that in fact they may exacerbate the problem by over-insuring property and contents. He reports the findings of a grand jury in St. Louis, that the insurance companies rely instead on a general rate increase to cover the loss—estimated at \$834bn in 1975. His book, read selectively, will be of interest to those who are most closely concerned with this problem—the insurance specialist, the policeman—and presumably, the arsonist.

That evidence might vary from the obvious and straightforward—evidence that furniture and electrical equipment has been moved out of a house ahead of a fire—to the highly technical: evidence provided by the pattern of burning and its

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PROPERTY

The price of fame

BY JOE RENNISON

THE RECENTLY revealed scandal—maybe cause celebre is a better description—over the identification of the Constable pictures brings to mind some comparisons with domestic architecture. With the pictures shown to be by the artist's son Lionel will wipe a few noughts off the market place price—even though the pictures themselves have not changed one jot or tittle. Can the price of a house fluctuate so alarmingly depending on the identity of the architect? Probably not.

What price, for instance, Frank Lloyd Wright? He is hailed as one of the greatest men of the century in his field, one of the seminal forces shaping architecture internationally. You personally may not like his work but it is a name to conjure with.

In 1953, four years before he died close to the age of 80, and while his startling spiral-shaped Guggenheim Museum was being erected in New York, Lloyd Wright (1893/1959) designed a house in New Canaan, Connecticut, for an Australian client. The name of the house "Tiranna" is Aboriginal for "running water" and refers to the fact that the Noroton river flows through the property's 12 acres of woodlands and gardens.

"Tiranna" is a long low one-storey house which is described in the "Complete Catalogue of the Architecture of Frank Lloyd Wright" as "an intricate intermingling of the ellipse and square in a four-foot module. A concrete block of Wright's design combines with Philippine mahogany and glass to create a house, swimming pool and pond wedged to

the Noroton river and its surrounding hills." Sotheby's Realty Corporation is offering this remarkable property for \$1,500,000 and Edward Cave, the Corporation's chairman makes the point that with the house and its picturesque grounds (only one hour by road or rail from New York City) the purchaser will acquire the original Lloyd Wright built-in and free standing fittings, his fabric designs and carpet layout and his important 15-piece dining room suite.

The house, which was added to in the Lloyd Wright style, in 1967, by one of his closest colleagues, has 16 rooms (including seven bedrooms with baths); caretaker's accommodation; central heating and air conditioning; artesian well, intercom system; stereo wiring. The living room (24 x 26 ft)



The Japanese water garden and arboretum surrounding the house

and dining room (26 x 18 ft) have handsome Philippine mahogany ceilings and both have access, through a shared convex wall of floor-to-ceiling windows, to a spacious oval terrace (18 x 60 feet) which overlooks a 40 ft heated swimming pool. In the family room (20 x 30 feet) there is a film screen and banquet seating. This room opens on to an attractive atrium, or patio, with sheltered dining area and fireplace.

The kitchen (14 x 20 feet) includes a soda fountain and a charcoal grill in its lavish equipment. The master suite in the bedroom wing has a private terrace, a sauna and an observatory equipped with a power telescope.

In a further wing there is a caretaker's flat with private terrace; a workshop and connecting greenhouse; a car port for four cars; and office/guestroom with a bath and a loggia which overlooks the ornamental pool.

The grounds were landscaped, in consultation with Lloyd Wright, by Frank Okumura, designer of the Brooklyn Botanical Gardens, and by Charles Middelee, also a well-known landscape architect. Jointly they decided to widen and deepen the Noroton to create, close to the house, two ornamental pools and an island. The main pool, which lies 18 feet below the living room and terrace (and just nine feet below the swimming bath) was given a loo-foot jet fountain, a waterfall and a 100 foot spillway—a transformation which can perhaps fairly be compared with the changes made in the

course of the River Glyme at Blenheim Palace by English landscapist Lancelot "Capability" Brown in the 1760s, for the 4th Duke of Marlborough.

Okumura and Middelee also planted the grounds with "such a quantity and variety of flora as to qualify them as a major botanical garden" comments William Storrier in his "Complete Catalogue".

Would this house have its value substantially decreased if it was found that it was in fact, by an obscure pupil? A little maybe, but not much.

Would the price of the following change if it was discovered that it was not by that famous medieval architect William the Hairy but by his feeble-minded son Henry the Bald? Not a bit of it—when the piece is a gem of its age authorship does not matter.

Adam Faith, who is looking to purchase a farm in the Home Counties, has instructed Knight Frank and Rutley and Pereds to sell Crowhurst Place, Crowhurst. (If he sold the place under his original number of Terence Melham would that change the price?) In this case, almost certainly not. The agents are quoting a price in excess of £500,000 for this outstanding medieval moated manor house, with about 23 acres, only 25 miles from London.

Dating from the early 15th century, the house is listed Grade I as being of architectural and historic interest and has many rare examples of medieval joinery. It stands on a half-acre island surrounded by a moat. One of the many

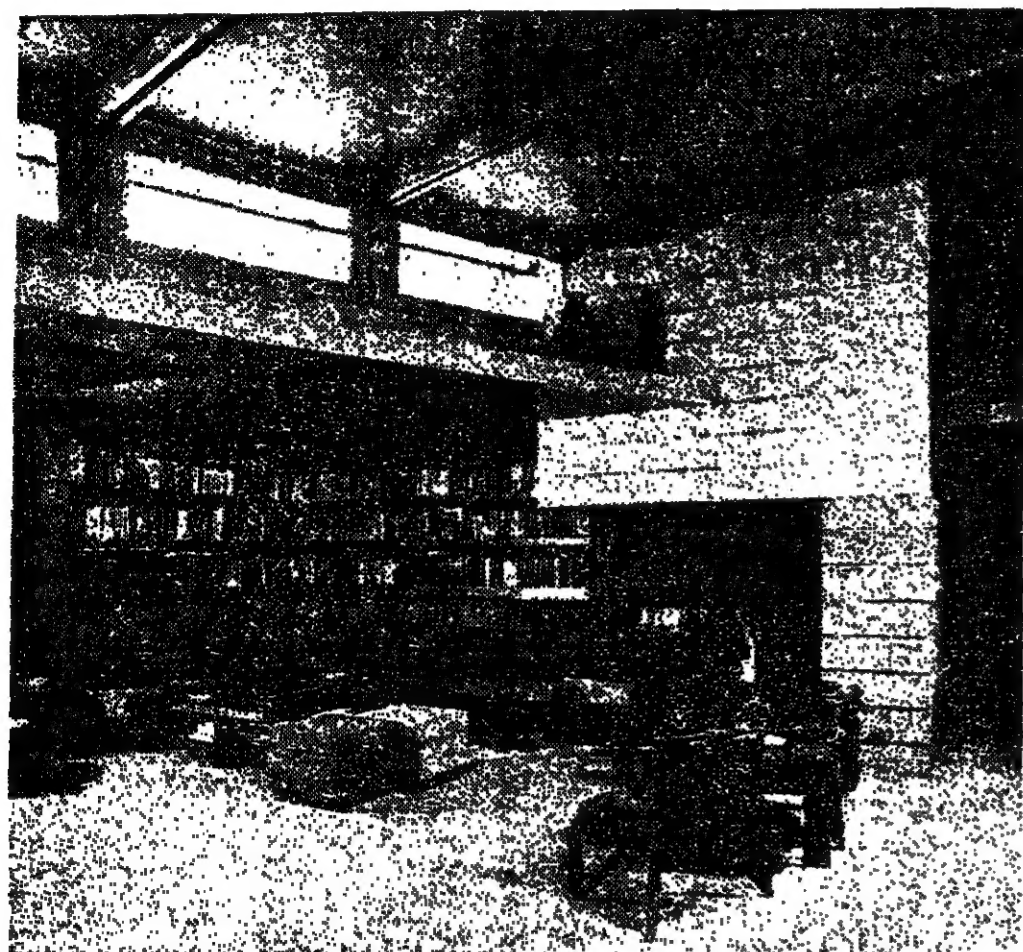
interesting and historic features is the "Henry VIII Bedroom," believed to have been used by the monarch on several occasions, which has fine 15th century paneling and beams.

The magnificent Great Hall has a superb hammer-beam roof, ingenious fireplace with massive oak bressumer, a teak arched window containing some very old heraldic glass. There are four reception rooms, playroom, five principal bedrooms, four bathrooms and dressing room and four secondary bedrooms and three bathrooms. Many of the rooms have fine beams. A self-contained staff wing has four rooms and a bathroom. A pair of cottages is also included in the sale.

The garden and grounds are of significant horticultural interest with an abundance and variety of specimen trees, shrubs, a rose garden and orchards. There is a semi-circular avenue of limes dating from early this century when the property was the residence of the Duchess of Marlborough. There is a heated swimming pool, tennis lawn, an Elizabethan barn, a pre-16th Century granary, stabling and garaging. The remainder of the land forms excellent paddocks with some woodland. The property is surrounded by open farmland providing extensive views.

What price Mr. Melham's former home, a council flat in Acton?

"The Architecture of Frank Lloyd Wright—A Complete Catalogue" by William Allis Storrier (MIT Press, Cambridge, Mass., U.S. and London).



Living room of "Tiranna" with built-in furniture by Lloyd Wright

Two imposing houses in

South Devon, both dating from the early 1900s and having sea and coastal views, are being auctioned next month by Bettesworths of Torquay. On September 20, Bettesworths will auction "Leaside," a five-bedroom, wisteria-clad family house in two acres of grounds in Thurlestone, a village five miles from Kingsbridge and almost equidistant (20 miles approximately) from Torquay and Plymouth. Thurlestone is on the South Hams peninsula, an area of outstanding natural beauty where development is strictly controlled. The house is only 15 miles from the A38 dual carriageway with its

direct access to the M5 motorway at Exeter. The property was built in 1911, with later additions. The second house, on September 25, is "Linacre," a beautifully proportioned detached house with magnificent sea and coastal views. It was built just after the First World War. The stone and brick property is grounds of one acre in Ridge Way Road, Torquay, one of the town's best residential areas, was last on the market 25 years ago. On the ground floor, the main accommodation consists of a cloakroom, drawing room, dining room, breakfast room and kitchen with a boiler room and walk-in store. On the first floor are four bedrooms and two bathrooms.



Officials who do not pay

WE ARE ALL only too familiar with those imprinted stamps that look like a crown inside a TV screen, with the words "Official Paid," that come on buff envelopes from the Inland Revenue and other government departments. Behind those prosaic bits of stationery lies a fascinating story which dates back to the "free" franks of the 18th and early 19th centuries. The franking privilege, enjoyed by government officials and members of both Houses of Parliament, came to an end in 1840 with the introduction of Penny Postage. Even Queen Victoria surrendered the franking privilege which monarchs had enjoyed since the reign of Henry VIII.

The franking system had been grossly abused but some form of free postage was still required. The answer was specially printed envelopes for the Houses of Parliament and those, issued in January 1840, constitute the earliest official stationery. The Post Office originally considered issuing adhesive stamps to government departments for use on their mail. These stamps were identical to the Penny Blacks sold to the public, in every respect save one. In the upper corners, where the ordinary stamps had tiny stars, the official stamps bore the royal initials VR. Although inscribed "One Penny" it was never intended that they should be sold. The scheme was never implemented and in 1843 the bulk of the VR Penny Blacks were destroyed. A few examples were used for cancellation experiments by the Post Office but most of the surviving specimens, in unused condition, came from circulars sent out to all postmasters when stamps were withdrawn from

Many departments, however, continued to use adhesive stamps and problems with the misuse of such stamps led to the application of perforated initials as a security endorsement. Stamps with the initials of the Board of Trade (BT) and the Stationery Office (SO) appeared about 1880 and were the precursors of stamps overprinted with the name or initials of various departments.

The first of these stamps appeared in 1882 and consisted of contemporary definitive overprints of OFFICIAL and IN. The initials of the Inland Revenue, Stamps were subsequently overprinted for use in government parcels, the Office of Works, the War Office, Admiralty, the Board of Education and the Royal Household. For a short time after they were first released in 1882 these stamps could be purchased by the general public from Somerset House, but this practice was soon stopped. Later, it became illegal to possess unused examples of the stamps and even used specimens were extremely elusive, since they were mostly confined to internal correspondence and officials were required to cancel the stamps and destroy them after use.

Nevertheless leakages of both mint and used stamps continued until 1903 when (principal) new seedings were taken—against the three persons for stealing and dishonestly handling official stamps. All official adhesive stamps were withdrawn from

STAMPS

JAMES MACKAY

Items from the finest collection ever formed of Great Britain's "Official Stamps" which is to be offered for sale as 313 lots by Stanley Gibbons in London on October 5. The auction is expected to realise at least £125,000.

stamps were introduced in May use in March 1840 as a result of 1840. A few are known with this postmark, though this use was quite illegal. Only one example of a VR Penny Black is known still attached to the envelope on which it passed through the post. It came to light in a wartime salvage drive and is a private hands. A few examples of the gems of the Stanley Gibbons sale of British official stamps on October 5. Its probable value today is in excess of £10,000, which must be a handsome profit from petty meanness. Two other used examples are included in the sale.

Thereafter government officials were obliged to purchase stamps from the Post Office, but this rule was gradually relaxed, first by permitting the use of brass or rubber stamps bearing facsimile signatures of certain officials, and later by allowing office stamps of various kinds. These franks were applied to mail which then received "official paid" date-stamp struck in red ink, and this practice continues to this day in many instances.

have used "Official Paid" stationery and postmarks since and these have generally been neglected by philatelists. However, quite a few examples of the stationery used by such departments as the Board of Agriculture, Charity Commission, Foreign Office, the Receiver of Wrecks and the Tower of London are included in this sale, with some quite hefty estimates. Perhaps we should be scouring the waste paper basket today and putting aside those U.H.M.S. envelopes with an eye to their future appreciation.

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MOTORING



Traditionally, Russian-made Ladas have been bought by motorists seeking a strong and, hopefully, reliable family saloon at a mid-price. This week the importer, Satra Motors, have moved decidedly up-market with the 1600 ES. In essence, it is still the same Soviet version of the old Fiat 124 but equipped to Western executive standards (hence the description ES) with cloth seats, more instruments, stereo tape player, and radio, alloy wheels and steel-belted radial tyres and a vinyl roof. Whether this will be enough to attract

buyers at £2,999 remains to be seen. The 1600 ES-1 tried seemed excessively low geared and had the kind of steering lorry drivers might go on strike over though Satra assured me it was not typical. Its surfeit of top gear flexibility would, however, go down well with people who tow caravans, a job the ordinary Lada 1600 at £2,665 would do just as capably because it has the same engine but fewer goodies. For those of more basic tastes, the Lada 1200 and 1300 saloons and estate cars continue to be available.

Battle for the tyre market

BY STUART MARSHALL

BEFORE THE end of this year a battle will break out between the Michelin and Pirelli for leadership in car tyre technology. From the motorist's point of view, it doesn't matter which firm wins. Either way, the car-buyer will benefit because two new super-tyres—Michelin's TRX and Pirelli's P6—provide a previously unknown combination of grip, steering response and ride comfort.

These wide, low profile super-tyres are, of course, radials. The crossply tyre, except for replacement purposes on elderly cars, is as good as dead. Where these super-tyres differ from normal steelbeltd radials like the Michelin XXZ, Dunlop SP4 or Goodyear G800S, is in their construction.

Michelin, who are so tight-lipped about new developments that they make the Kremlin look like Liberty Hall, won't say how it is done. Pirelli, on the other hand, cheerfully explain that they have put a belt of nylon on top of the steel wire underneath. This shrinks as it warms up and tightens down on the steel ones, keeping them precisely in place under stress and allowing them to be made of thinner wire. That in turn means the Pirelli P6 tyre is more "softly" and shock absorberly over rough roads.

Small belts in the sidewall, close to the rim, stiffen the tyre, sharpening steering response and improving the car's stability under very hard cornering. Michelin's TRX offers similar advantages. Ford has just announced that TRX will be available at extra cost on all GL and Ghia Granadas and not just on the sporty Granada GLS, which succeeds the austere trimmed "S" model. To get TRX, however, you have to buy the full "S" pack of special wheels and suspension modifications as well as the tyres, which can add up to £333. If you have to replace a tyre, the TRX will cost about £52, which is twice the price of a normal tyre.

Pirelli's P6, at present obtainable only on the Fiat 132-2000, will be seen this autumn on some up-market cars including the six-cylinder Opels and the Saab Turbo. There will also be sizes for cars like the Ford Fiesta. When P6 is offered as an optional extra, the price difference should be much less than Ford charge for Michelin's super-tyre on the Granada. The reason is that TRX needs a special wheel whereas P6 goes on a standard wheel, though of one inch bigger diameter. And that is necessary to prevent the squatter tyres from making the

car sit too low on the ground and upsetting the overall gearing. In the last year I have tried four cars on P6 (the Rover 3500, Fiat 132-2000, Ford Fiesta Ghia and BMW 733i) and just one, the Granada "S", on TRX. These super-tyres, 60 or 65 per cent as high as they are wide, really do make good cars handle better and feel safer. Unfortunately, their introduction also makes the whole business of understanding a tyre's characteristics and knowing what to buy more confusing than ever. This summer it had reached such a pitch that the British tyre makers tried to explain the meaning of the latest sidewall markings to the trade. Their statement ran to six closely typed pages. Even so, it said nothing about remoulded tyres, downgraded new tyres or "seconds", which are a subject to themselves.

It is really no exaggeration to say that tyre buying today is no task for the amateur. The best way through the jungle is to go to a specialist. There are about 2,500 of them in the National Tyre Distributors Association. Competition ensures their pricing is keen, many are elaborately equipped and all of them do at least know what they are talking about.

ON FEBRUARY 23 this year, Sandy Lyle recorded a 61 in the first round of the Nigerian Open. The next day he added a 63, thus establishing a new world record of 124 for 36 holes. The golfing world rejoiced with Lyle, for here was the brightest amateur prospect since Peter Oosterhuis proving himself in dramatic fashion.

He went on to win the tournament only months after turning professional, and despite one self, the thought began to infiltrate—could this be the new Nicklaus?

Last week in the Carrolls Irish Open, Lyle had a 77 in the first round, followed it with an 83 and failed to make the cut. His official money winnings this year stand at £2,501.57, placing him 54th in the Order of Merit, and already the image is a little tarnished, the ambition dulled.

From looking for a place in the top 20, Lyle is now hoping to stay in the top 60, who receive exemption from qualifying next season, so the 33 strokes difference between the two rounds in Nigeria and the two in Ireland requires some explanation. They cannot all be accounted for by the difference in class between the two

A precocious talent

courses, nor indeed by the week-to-week fluctuations in form that every player encounters.

The problem goes deeper than that, and I suspect that the real reason why the 20-year-old Lyle is now being gradually submerged in the system British golf uses to produce, or fail to produce, its stars.

Lyle, as an amateur, seemingly had everything. In his last year over four rounds of stroke play he was completely dominant. He won the Brahan Trophy by seven shots, the Berkshire Trophy by seven shots, and the Scrutton Jug, awarded for the best aggregate in these events, by 17 shots. If the Lythan Trophy, the other major stroke play tournament, had been included in this aggregate award, he would have won it by 24 shots.

He was demonstrably two strokes per round better than any other amateur in the country over the four round tour, and as this was where he was going to compete as a professional, the signs could not have been more favourable.

After all, Mark James had won nearly £10,000 in his rookie

year as a professional, and Ken Brown £9,000 in his second year, with neither of them having even remotely the same qualifications as Lyle.

Why, then, has Lyle not so far reached at least those levels? I believe the answer is that throwing the talented amateur straight among the professional

speaking, is something no other game demands of its budding stars. Football nurses its teenage talents, resting them from time to time, even though their season is limited and their "tournament" only 90 minutes long each week.

Cricket introduces its players gradually, through second teams and county matches, and it is perhaps significant that Lyle himself has decided not to play in the Swiss Open this week.

"I'm going in for a 10,000-mile service," he says. "In the last nine holes in the Carrolls, I stopped trying to score and just tried new ways of hitting the ball. I'd got to the stage where I'd have one bad hole and not be able to see a way of getting the shots back. I suppose I'm stale."

For Lyle to be stale, at 20 and in the middle of his first season of professional golf, indicates something wrong somewhere.

Lyle has found that the courses are tougher on the professional circuit, with pins in tighter positions and the rough grown-in and up. He also says that standards are extremely

high. "There are professionals from all over the world playing. Level par gets you about 30th."

He says that his good friend Martin Poxon, the former Walker Cup player, had qualified for the Carrolls in a play-off which finished on the ninth extra hole, the implication being that after undergoing that kind of pressure, no one would have much left for the actual tournament.

It is a hard life on the professional circuit. Early in the season, Lyle, then 19, had three days at home in six weeks, a schedule which would make demands on the toughest of jet-setters.

The introduction of young amateurs to pro golf needs to be handled delicately, and it is a real pity we have nothing resembling the U.S. college system, which prepares its youngsters ideally for the pressures of professional sport. In the absence of that, we should welcome the idea of a three-year undergraduate course in sport, announced this week, involving the study as well as the practice of the subject.

It should add to our limited store of knowledge and could well prevent those few promising talents that we do possess, burning themselves out before they have barely started.

GOLF

ROGER PAUL

lions only works in exceptional cases. It only works if the amateur concerned has reached mental, as well as golfing, maturity, and is of the very special type that is able to withstand the extraordinary demands made by the professional tour.

Lyle has played in dozens of events around the world—in Africa, the Argentine, Spain, France and Italy so far this year—and this, in the most strenuous of sports, psychologically

That rundown feeling

to keep the two 70-ampere-hour capacity lead acid accumulators in good condition and well-charged things went badly wrong, repeatedly and persistently. Tides were misread and tempers frayed because the engine could not be started at crucial moments.

Relentless as a maritime Sherlock Holmes, I traced the problem to a combination of

been using two new forms of battery with markedly better results. They are the AC Delco maintenance-free Freedom batteries, and the special marine battery made by Varta of West Germany.

Car batteries are built down to a price—and the prices paid by manufacturers for batteries fitted as original equipment are very keen indeed. The battery companies point out that car batteries do not have designed into them the necessary requirements for functioning well while left neglected and undercharged for long periods in wet yacht bilges.

Both the Varta and the Freedom batteries overcome most of the objections that one makes against lead-acid batteries by means of particularly high quality construction. This approach enables them to pack a lot of power for their weight. Then, their sturdy internal construction enables them to withstand the knocks and sometimes wild motion of a yacht at sea. The Freedom battery—

originally for rigorous trucking use in the United States—comes complete with acid, sealed for life, and ready charged. It incorporates its own hydrometer to indicate the state of charge at a glance. A small port hole glows green if the battery is fully charged.

The Varta is sold charged but "dry". The accumulator acid is supplied in separate plastic containers and is not added until the battery is installed and put into use. Then "topping-up" with distilled water is only necessary about once a year. It would be possible to keep one of these Varta batteries "dry" on a boat for several years as an emergency power supply to be activated when needed.

The internal construction of both batteries is to higher standards than conventional car batteries. An important benefit from the yachtman's viewpoint is that the Freedom and Varta batteries are much less likely to lose their charges through internal discharging if they are left unused for weeks or months.

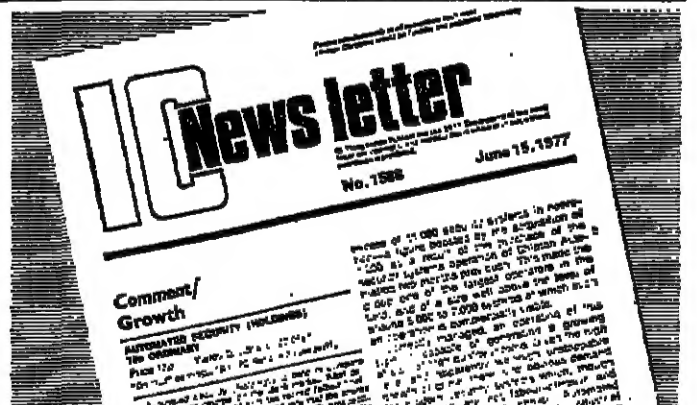
A reliable battery installation, however, only half the battle to ensure a boat's power supply. The other half of the battle is in two parts. The wiring and all installations should be checked in order to make sure that they are up to the task and that all joints and connections are clean and sound. Secondly, the charging system must be good enough to keep the batteries up.

Yacht engines are rarely run for long enough periods to keep the ship's batteries charged reliably. Something more is needed. For ocean crossings there is much to be said for one of the water charging systems which employ water propellers to drive a generator. Charges of 10 amps can be obtained by these systems, although they do slow the boat down a little.

For weekend cruising I favour a "belt and braces" system. A 300-watt output Honda generator giving a charge of 8 amps is sufficiently small to be carried in a locker. When running it is so quiet that it cannot be heard more than 15 feet from the yacht. It can put life into a dead battery within a couple of hours.

To keep the batteries charged between sailing weekends I am now using a windmill charger. Apart from giving one a sense of ecological superiority this is a most useful device. It gives a tiny trickle charge, never more than one-quarter amp, but plenty to keep two big batteries cheerful while the boat is not in use. My installation is the Aeromarine Mark V made by Selectmarine of Poole. The windmill is less than 18 inches in diameter and plugs into a mounting on the deck. In winds above 10 mph it buzzes away merrily.

Plastimo Manufacturing (UK) of Chaffers Ford supply a different design—the Eodym, which is popular with French yachtmen. Designed to be mounted at or near the masthead to catch the best of the wind, it is very neat. From the deck it looks rather like a tin of baked beans spinning round.



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WORKS FROM IN

HOW TO SPEND IT

by Lucia van der Post

Country Style



IF YOU can't afford the price of true solid wood, made by craftsmen and exquisitely finished by hand, then the rustic, homely look need not be beyond you. You can always put it together yourself. Grovewood produces a range of self-assembly kitchen units which somehow manage to have something of an authentic farmhouse air about them.

Grovewood have been in the self-assembly market for some time but the new Traditional Town and Country version of their self-assembly lines has a distinctly solid country look

about it. Though the insides of the units are in melamine all the surfaces (except the working surface which is of Classic Onyx, a remarkably marble-like laminate top) that show are of wood. There are solid timber doors and matching end-panels. The usual range of standard units are available, which should be able to be adapted to most kitchens. Base units are made in two "front to back" sizes (800 mm and 500 mm)—this means that the 800 mm size could be used in most situations and to fit in with most modern appliances while the 500 mm

size is useful where space is more limited. Floor units come in 300 mm, 500 mm, 600 mm and 1,000 mm lengths. Wall units are higher than is usual and have two adjustable shelves and a built-in light panel.

The range has been designed to accommodate over 40 different fridges, freezers, hobs and ovens from leading manufacturers. Most kitchen manufacturers these days manage to produce ranges that are practical and functional—what I like about the Grovewood 9149. The brochure will list all self-assembly ranges that it offers that plus ingredient that size and style as well as prices.

Many readers may remember that earlier in the year I wrote about Alf Martensson's solid maple wood dining-tables. Alf Martensson is an American who has retained a belief that all truly fine furniture should be made from solid woods and, being an American, maple is to him one of the most beautiful woods around. There was a huge response to these tables, many readers finding them just the sort of thing they had hoped to find for years but until they discovered him, had despaired of finding.

So successful did this initial venture prove that now he has expanded into developing more solid, fine, simple furniture—like the kitchen work island unit featured here and, on a smaller scale, the solid maple chopping boards.

Most people can configure up a vision of the old-fashioned kitchen and in it was always a central work table at which the cook or the woman of the household did the true kitchen work—the rolling out of pastry, the chopping of the vegetables and so on. Almost all modern kitchens seemed to have ignored this marvellously useful piece of equipment. Alf Martensson discovered that there was a big demand for this kind of unit—besides serving as a hard-wearing functional work-surface it can also double as a dividing unit between eating and kitchen areas.

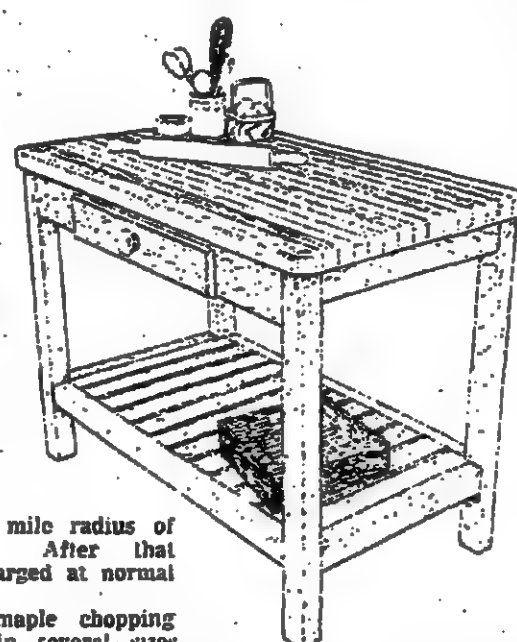
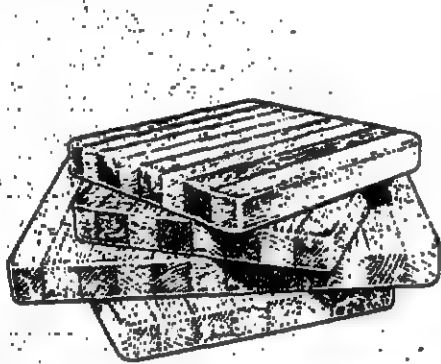
Like everything that Alf Martensson does, it is made from solid maple, 2 in thick. This means everything, including the drawers, is made from solid wood. Maple is particularly good wood for those purposes and not only does it look a whole lot better than any plastic surface, it also forms a proper working surface. You can chop on it, roll out pastry on it and then just wipe it off with a damp cloth. The wood is finished in edible vegetable oil and from time to time, after it has been scrubbed to keep it clean, it should be polished up with vegetable oil, rather in the way that one treats a salad bowl.

The kitchen island unit is 30 in by 48 in and 36 in high, which after much experimenting with numerous cooks has proved to be the optimum height. If you want a kitchen island unit, it is £195 and delivery is free

within a five mile radius of Kings Cross. After that carriage is charged at normal rates.

The solid maple chopping blocks come in several sizes from 8 in square at £3.50 up to 18 in by 18 in for £12.50. If you really hanker after the solid wood look throughout the kitchen Alf Martensson also produces kitchen worktops all made in sizes to fit standard kitchen unit tops. These worktops are all made from solid 2 in maple wood. They can be fixed by screws and brackets if you wish but alternatively, as they are so heavy, they do lie in position and so can just be placed where wanted. If you would like a solid maple work-

ing surface going right up to the sink they will cut out a sink-unit shape as well. Charges for these worktops are £20 a running foot. Alf Martensson runs his workshop at Building K, Albion Yard, Balfe Street, London, N1 9ED, which is just next door to Kings Cross station and is open from Monday to Saturday, 9.15 to 6.30. For those who live out of London, a stamped address envelope will ensure a copy of their detailed brochure.



Getting the Habitat

I ALWAYS know when summer's over and autumn begins—that's when the new Habitat catalogue is launched. This Saturday sees the new catalogue on sale in all Habitat stores, major stationers or it can be bought by post from P.O. Box 25, Hithercroft Road, Wallingford, Oxon for 50p. If people balk at paying 50p for what is, after all, a sales catalogue, they may do well to look at the number of colour photographs and then I think they will realise that 50p is not much.

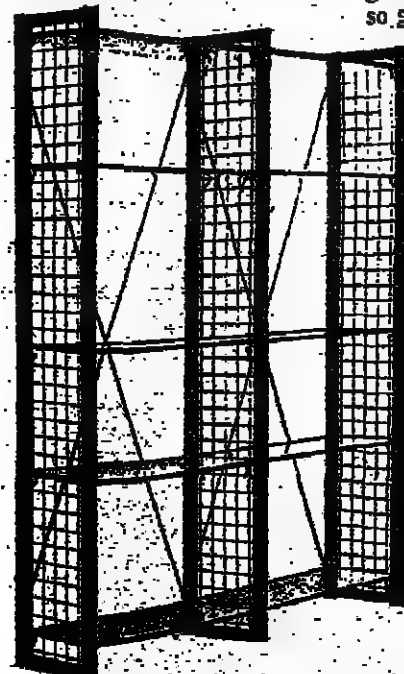
I always like to keep Habitat catalogues, not just because I may actually use them for buying, but because they seem to sum up so much of the look and essence of a certain life-style.

This year's catalogue has much of the well-known Habitat merchandise—the simple sofas,

the country-style kitchenware, the rush matting, the bentwood chairs, the bistro glasses—that many of us have come to depend upon to furnish large portions of our houses. There is, however, a subtle change of tone or emphasis—I detect a slight waning of the tiny floral rustic prints and a shift to more graphic or geometric style well illustrated by the three items below. There is the new Graph bed linen which in turn complements the new lights (see the pendant light shade below), wallpaper and fabrics.

Lovers of Marimekko's inimitably colourful style will be happy to know that Habitat is reintroducing some of her designs, in particular the charming Happy Poppy bed linen.

Finally, for those who have mastered making their own bread and need new culinary fields to conquer, you can now buy your very own pasta maker. For £18.95 you can have freshly-made pasta every day—very good for the bank balance, not so good for the figure.



Service with a smile

IF YOU ask most buyers of week they launched what they call their "Buyer's Bond." I'm certain that you'd find that servicing was top of the list.

Rumelows a chain of some 400 shops selling electrical goods through England and North Wales, have realised what a worry servicing is to most potential buyers and have decided that it is in their own to do it they offer a double interest to put potential customer's minds at rest so last

Autumn flavours

September brings mists and mellow fruitfulness. The vivid scarlet of summer strawberries and redcurrants gives way to more sombre hues. Green-gold and purple predominate: grapes, damsons, greengages, plums, melons, blackberries, aubergines, peppers and mushrooms are all at their best.

Suggested menus:

Mushroom cocottes	Hot ratatouille with
Boeuf à la mode	French bread
Courgettes and basil salad,	Raised chicken and ham pie
and French bread	Mixed green salad
Plum pie	Blackberry meringue.

MUSHROOM COCOTTES

This delicious and simple dish is really no more than creamed mushrooms on toast given a party face. The croutons can be cooked ahead and kept warm in the oven; the mushrooms need to be cooked just before serving but this takes no more than ten minutes so it is a perfectly practical dish for entertaining.

To serve 6-8, wipe 1 lb button or small cap mushrooms—don't peel them on any account or you will lose half the flavour—cook in about 2 oz foaming butter over medium-high heat for 5-7 minutes. Use a large

JOHN PRIZEMAN is an architect well known for the skill with which he can transform the most apparently hopeless dark hole into a kitchen full of charm and the ease with which he appears to conjure space out of otherwise hopelessly cramped conditions. Dealing with kitchens over the years he came to despair of being able to prescribe for his clients the kind of simple but pleasing collection of cabinets that most of them had in their minds' eye. Finally, driven by necessity, he has now designed and started to arrange the production in small numbers of his own designs. "I was really driven to it," he tells me, "by my frustrations with existing ranges. I did not want anything over-exotic. I don't like systems that are instantly recognisable, the way the Fiesta car, or the Audi 2000 is. I want a kitchen that is full of cabinets that seem comfortable and necessary and practical so that they

have the air of a comfortable, old jacket that you like wearing. The range is based on simplicity and I've used a small firm in Battersea to make them for me—I think it's only by using small firms that you can keep costs down and quality up.

"I think the needs in a kitchen are very simple—lots of cupboards, an impregnable work-surface, some marble for rolling out pastry and wood surfaces for chopping on. I also think a kitchen should go on looking better with the years—it should begin to look lived in and should mature, whereas most kitchens begin to look very seedy after several years. The plastic laminate starts to peel off and the polyester chips and they look generally second-hand. I've tried to design a complete system—the Camilla Storage Range and the Oriol idea, which if used together, should wear well and improve with age."

The Camilla storage system is

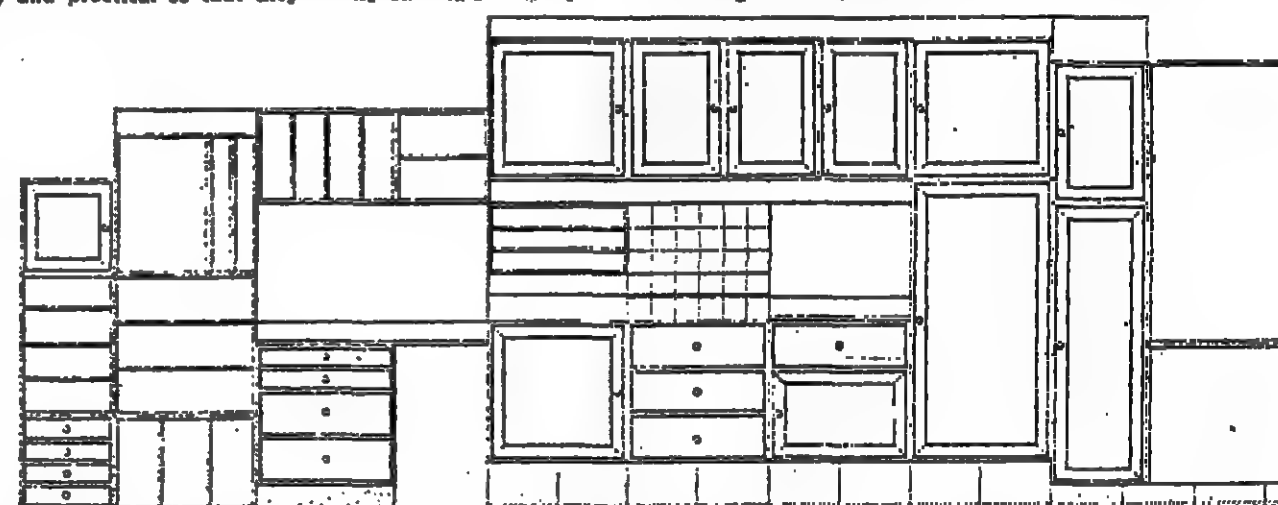
primarily aimed at kitchens but it can be used as a complete storage system in bedrooms, spare rooms or studies (see drawing below). The sides and back are made from white melamine faced chipboard while the door frames and drawer fronts are in solid mahogany, oak, pine or walnut (the woods of traditional English furniture) with a wasted lacquer finish.

All the door panels are in polyurethane laminate in white, antique, gentian blue, green or paprika. The melamine wood veneers match the door frames or you could have clear or smoked glass or mirrors. The handles look best, in my view, as simple white china knobs but you could also have brass or turned wood.

The whole effect is one of the utmost simplicity and yet those who own the units are delighted with them. In the picture is an existing kitchen, one of those

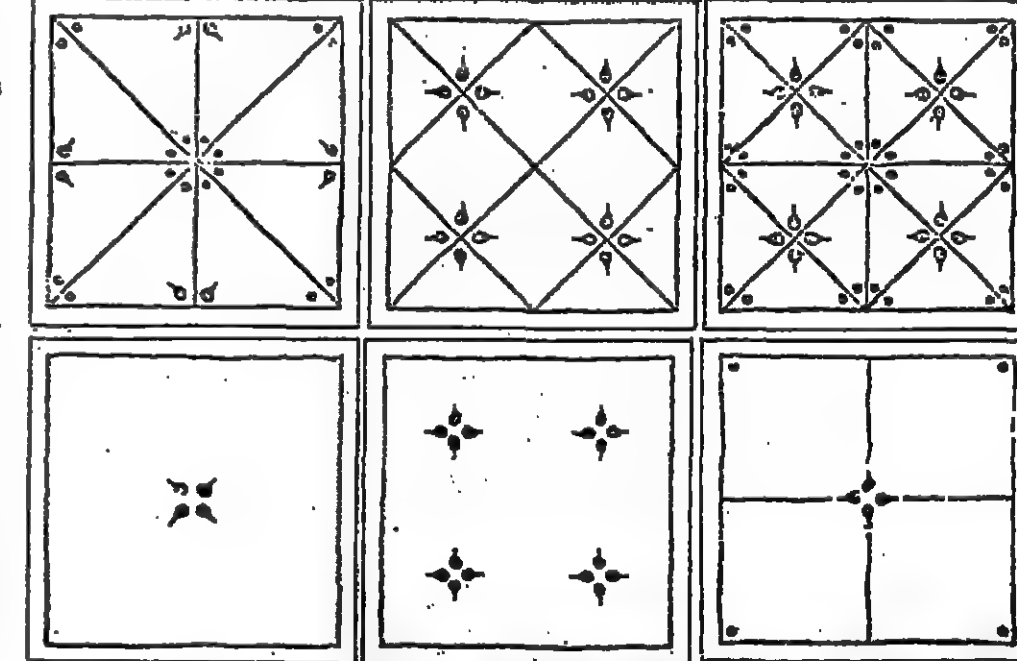
miraculously created out of a dank hole by John Prizeman, whose owners are absolutely delighted both with the planning of the kitchen itself and the units in themselves. "I particularly like to see the kitchen as I come in through the front door," says the woman of the house. "Everything is so finely finished it looks like a drawing. The solid frames can take plenty of knocks and somehow, although the space is limited, there is somewhere to put everything."

At the moment these units are only available to order and orders take six weeks. They can be seen at the new Coexistence shop at 2 Conduit Buildings, Floral Street, Covent Garden, London, W.C.2. Prices are extremely reasonable, starting at £25.00 for an open shallow cupboard measuring 800mm by 300mm by 100mm. Coexistence will send leaflets listing sizes and prices of the complete range.



TO GO with his Camilla storage (complete range drawn above), John Prizeman has designed a range of stunningly simple tiles. They are made from natural clay and have a lovely rough non-slip glaze. These designs all have that hand-made look as if each has been individually painted by hand. The range all links together so that any combinations of the tiles can be used together. The slightly sandy colour of the glaze can then be decorated with blue, red, dark green, light green or black or alternatively the tiles can be white printed with blue. The tiles themselves make the perfect working surface, though in the kitchens that John Prizeman designs, he always specifies a marble surface for rolling pastry and a wooden one for chopping (tiles tend to cause the knives to blunt).

The tiles, too, can be seen in the kitchen in situ at Coexistence. 2, Conduit Buildings, Floral Street, Covent Garden, London, W.C.2. They are made for John Prizeman by the



Kenneth Clark Pottery, 10a, Dryden Street, Covent Garden, London, W.C.2, and cost £17.50 per square yard or £20.83 per square metre.

Take a fresh look at Platinum



BLACKBERRY MERINGUE

One of the most heady scents in the world I think is black-berries gently warmed until their juices flow. To cook blackberries, put them in a shallow pan so the fruit is as near as possible in a single layer. Sprinkle with vanilla sugar—1 allow about 5 or for 1 1/2 lb fruit—and two to three teaspoons fresh lemon juice. This magically seems to improve the flavour of both hard under-ripe and watery over-ripe fruit.

Cover the pan, shake it to distribute the sugar evenly and place over low heat for five to eight minutes until the sugar has completely dissolved and the juices are flowing. Do not

COURGETTES AND BASIL SALAD

Courgettes make an excellent and unusual salad if the vegetables are young and tender. I cut them into slices about 1/2 in thick and steam them for five minutes—so they retain their colour and still have bite to them but are not too chewy.

Cooked blackberries are delicious served while still warm—you need only a jug of thick cold cream to accompany them. But the ingredients can be stretched that much further and look very pretty if you pile the blackberries into individual glasses. Sprinkle broken up meringues between layers, pour the syrup over them and top with whipped cream into which you have stirred a little yoghurt.

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Something stirring

THE MARKET has now been sunk in torpor for two weeks, with prices drifting down in very light trading—a combination of election uncertainty, post-holiday indecision, and a pretty flat economic outlook. However, it would be a mistake to assume that because there are few obvious dramas in progress, nothing is changing. On the contrary, three very significant developments are becoming apparent. First, home industry is beginning to feel the benefit of the large rise in the retail sale which has gone on through the summer. Second, there has been a marked change of international strategy in the exchange markets. Thirdly, UK management is beginning to square up to disorder on the shop floor.

None of these developments is easy to interpret, but perhaps the rise in output which has been reported by the Confederation of British Industry has the clearest meaning. Such is the general reluctance to believe that anything good ever happens in the UK economy that some market men have already commented that industry seems to be getting on to the bus just as it is stopping. While it is true that the effect of higher demand has taken a distressingly long time to work through to the factories, this is pessimism for its own sake.

A high level

First, while it is true that the sharp rate of increase in consumer sales cannot be sustained for long, they should remain at the present higher level, and indeed go on rising more gently, for the foreseeable future. This is what matters for output; for it seems likely that the cause of the delay can be read in the unexpectedly high level of stocks—especially retail stocks—which have been reported through the summer.

If this analysis is correct, and the sluggish response of orders has been as much due to goods in the pipeline as to a surge of successful import competition, then the rise in output, though not dramatic, should be sustained, and this would clearly be good news. It promises productivity higher than could otherwise be achieved; this could mean not only less inflation, but consequently rather higher demand in real terms than has been forecast.

These effects are not likely to be dramatic, but even a rise in output and productivity of a single percentage point above recent forecasts would improve the growth rate very significantly.

The drama surrounding the

dollar is much more difficult to interpret. The only clear facts are that the fluctuations of the dollar in recent weeks have been partly due to the absence of the very heavy central banks support which was provided earlier in the year—a distinct policy change which probably originates from the July economic summit. The second striking fact is that the pressures, though sudden, have not snowballed into a market crisis. Without a supply of central bank finance, speculation seems to have its limits.

There is also one clear conclusion which has been quick to draw: if the U.S. is thrown back on its own resources to defend the dollar, interest rates in New York are likely to rise, a process which has already begun. This prospect has already depressed Wall Street and short-dated gilts in London.

Weaker link

However, the reaction in London may be a habitual twitch from the past. When exchange rates were fixed, or intervention was heavy, there was a close relation between interest rates in different markets; but in theory, a nearly equal float should weaken this link. If demand has taken a distressingly long time to work through to the factories, this is pessimism for its own sake.

It remains to be seen, of course, how far this relationship works out in practice. How quickly the U.S. authorities respond to the challenge which self-sufficiency in financial terms poses to them, and how trade responds to exchange rate changes which are likely to be sharper from day to day (though possibly less dramatic from month to month) than in the past. This, unlike the rise in home output, is a highly ambiguous development, but it is a significant change whose consequences need to be watched.

Finally, there are the first signs of resistance to unruly elements on the shop floor. This week has seen the tough remarks of Mr. Michael Edwards and the refusal of Leyland to re-open its Bathgate plant until some better rules are agreed, and the blunt refusal of the chairman of Peugeot to offer any job guarantees for Chrysler UK unrelated to productive performance. In the short run, such a change of attitudes threatens disruption; in the long run, it could prove cheap at the price.

New broom in U.S. flying: thoughts of chairman Kahn

BY DAVID BUCHAN IN WASHINGTON

THE LAST merger that the Civil Aeronautics Board, the body that regulates the U.S. airline industry, had to pronounce upon was six years ago. Now Mr. Alfred Kahn, chairman of the CAB, suddenly has three major merger proposals on his desk: that between North Central and Southern Airlines, and the rival bids of Texas International (TXI) and Pan American for National Airlines. Despite National's preference, announced yesterday, for Pan Am rather than TXI as a prospective partner, the bids have equal standing in the CAB's eyes. Two other airlines, Continental and Western, also announced yesterday their intention to join hands. To Mr. Kahn, this spate of proposed mergers is clearly the airlines' defensive response to his moves to "turn this no-longer infant industry out of its hot house of government protection and coddling, and into the fresh air of free competitive enterprise."

In allowing both TXI and Pan Am to buy up to 35 per cent of National's stock, before their bids have been ruled on, the CAB is not pre-judging the outcome. Both airlines could be forced to divest themselves of their National holdings, should the board rule against them. Yesterday the Department of Justice said that it had filed a petition to intervene in the three merger cases before the CAB. Although the Department has not reached any conclusions on the proposed transactions, it is concerned about their possible anti-competitive effects.

Big jump in profits

Many but not all U.S. airlines fear the chill wind that Mr. Kahn is arousing. In fact, none of the airlines involved in the current merger proposals is ailing financially. Every major U.S. airline, except for Northwest, hit by a prolonged pilots' strike recently, reported a big jump in profits in the second quarter of this year. Mr. Kahn reckons that industry profits—a record U.S.\$811m last year—should be U.S.\$700m-U.S.\$800m in 1978. But the CAB, which for the first 37-odd years of its existence held the industry's hand and warded off unwelcome competition, has in the past two or three years moved far to encourage lower fares, to egg the airlines on to invade each other's traditional routes and to liberalise charter flight rules. Hence many airlines now obviously see their future safety in closer combinations.

The immediate reaction of Mr. Kahn, who since he came to the CAB in June 1977 has stood the board's role on its head, is that the proposed mergers are a clear threat to existing and potential competition. He argues that the CAB awarded National its Miami

London route in 1969 precisely so that it could compete with Pan Am's transatlantic axis since its creation in 1938, and has brought to the Board a crusading zeal for the welfare of the air traveller together with sharply defined theoretical and practical views on how the industry should and should not be regulated. "No wonder," Mr. Kahn says that under his guidance the Board would almost certainly be disposed to allow that competition.

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has been the principal instigator of the "open skies" proposal that the U.S. will put to the West German Government next month. Under this, airlines of each country would be able to fly to any point in the other, Mr. Kahn hopes that this sort of agreement with other countries will, both by example and possible diversion of traffic, lead Britain—still the most important single country destination for U.S. airlines—to shed gradually its more protectionist attitudes.

In three areas—domestic

of 15 U.S. cities—Oakland was chosen because it is an under-used airport. The case is still in progress, but the CAB hopes it will set a valuable precedent. Mr. Kahn rejects fears expressed by many airlines that greater competition will prove destructive. "I find it rather implausible the image of countless airlines throwing money into markets already adequately served because there is no CAB to stop them," he says. However, this fear is also shared by the Airline Pilots Association, which argues that greater competition will endanger safety rules (which are enforced by the Federal Aviation Authority). The emergence of a number of financially shaky and over-extended airline companies, the association maintains, will not necessarily increase long-term employment for its members.

The corollary to allowing airlines more freedom to start up new services is also giving them more leeway to end existing services. But Mr. Kahn argues that small commuter carriers, not licensed by the CAB, will move in if the scheduled airlines abandon some of the low-volume routes, while the federal government will continue to subsidise services to the smaller towns.

As for charters, the CAB earlier this month passed a series of regulations that make rules for charters really very little different from those for scheduled flights. Designed to help the charter carriers compete with the new wave of discount scheduled fares, the new rules do not require any minimum stay from the passengers, or group size, or an advance purchase period.

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In considering the airline deregulation bill this year, the House of Representatives and a sub-committee has approved a bill that would, among other things, end the CAB's existence by the end of 1982. In other respects the deregulation bill has now passed the full senate goes much further than the House committee bill. It provides for a greater degree of automatic entry for carriers on to new routes, and allows airlines to market charter flights directly to the public, instead of going through tour operators. It puts the onus on airlines to prove that new competition would be harmful.

As for charters, the CAB earlier this month passed a series of regulations that make rules for charters really very little different from those for scheduled flights. Designed to help the charter carriers compete with the new wave of discount scheduled fares, the new rules do not require any minimum stay from the passengers, or group size, or an advance purchase period.

The basic Kahn philosophy is that there is no earthly reason why the CAB (whose board members earn much less than top airline executives) should do so much of the industry's management for it. Less regulation will mean less paperwork for the airlines and greater scope for them to plan their operations more efficiently and more economically. "I would have the board out of both the licensing and pricing business. After all, no one needs a government licence to make shoes or steel."

These functions have been really the board's *raison d'être*. But Mr. Kahn sees residual roles for the CAB: undertaking litigation in the courts, administering the federal subsidies for uneconomic services to isolated parts of the country (\$75m was paid out last year for this), consumer protection, anti-trust enforcement, and a role in international negotiations.

He argues that "the more you dispense with regulation, the more you need to enforce anti-trust considerations." This, he says, is all the more necessary because the system of CAB regulation has been fundamentally in conflict with anti-trust laws. The CAB has tradition-

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But Mr. Kahn also points out

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

A last-minute rush of acceptances and strategic buying by Samuel has given Associated Engineering victory in its efforts to take over Fluidrive Engineering for \$5.3m. Associated Engineering's offer controls more than 50 per cent of Fluidrive and has been accepted unconditionally. The statement followed the formal closing of the offer on August 25 and came less than a week after Thomas Tilling, the rival bidder, indicated it was withdrawing its \$5.5m share-exchange offer. Tilling accepted defeat and has returned all acceptances to its offer.

Burnham Oil is selling all its remaining oil and exploration interests in Australia in a deal worth £20.8m. The sale takes in the group's shareholdings in three quoted Australian companies engaged in the Cooper Basin, South Australia. Burnham's interests are being bought out by a group headed by Bond Corporation and Endeavour Resources.

The battle for control of Trident Group Printers, the stationery and newspaper publishing group based in Surrey, intensified last week. Starwest Investments Holdings, a private company headed by Trident's chairman Mr. Remo Dipre, has stepped up its offer from 65p to 80p per share and met instant rejection from the independent directors on the grounds that the offer was still inadequate. The directors' rejection of the offer, in which they claimed support of 40 per cent of the shareholders, was based on the fact that Trident had entered a recovery phase and its prospects far outweighed the bid. The situation was further complicated by Thursday's announcement that talks are currently taking place which could lead to another offer for Trident being made with the blessing of the company's independent directors.

A group of small shareholders in Oliver Rix is mustering opposition to the proposed merger with Manchester Garages. Mr. Harry Wakeley of Blackwood in Gwent, who is leading the opposition, last weekend circularised shareholders owning 10,000 or

more shares and now claims verbal support for his attempt to defeat the proposed merger from shareholders representing nearly 10 per cent of the equity.

Dixon's Photographic has pulled out of its £18m retail business in Holland and Belgium with the admission that the operation had not produced a reasonable return and that profitability was worsening. The company has sold the entire Dutch subsidiary, which ran 64 shops in Holland and a further 10 concessions in Belgium, to Holland's largest retail chain, Vroom and Dreesmann Nederland. V and D is paying £2.65m for the Dutch chain and will assume responsibility for loan capital of £2.9m owed by the subsidiary of the group.

A near-30 per cent stake in Nelson David, the Welsh-based motor distributor, has been acquired by Convey, a new private company.

Company bid for	Value of bid per share**	Market price**	Price Value bid (£m/s)*	Bidder	Final Acc'd date
Weston-Evans	124	156	110	8.4	Pham & Midland Counties Ltd.
Weston-Evans	136	156	133	8.4	Johnson and Smith

* All cash offer. * Cash alternative. * Partial bid. * For capital not already held. * Combined market capitalisation. * Date on which scheme is expected to become operative. ** Based on 51.8.78. ** All suspension. ** Estimated. ** Shares and cash. ** Based on 1.8.78.

Company bid for	Value of bid per share**	Market price**	Price Value bid (£m/s)*	Bidder	Final Acc'd date
Bonner Eng. Carriers	43	42	38	2.58	Kaye Organa.
Crosley Building Products	105	104	64	7.07	Bowater
Custommagie	21	16	104	1.10	Moolaya Inv.
Eastwood (J. E.)	123	142	90	51.33	Cargill
Eastwood (J. E.)	180	142	123	38.22	Imperial Grp.
Fieldrive Eng. Headhail (W.)	32	30	32	6.32	Assord Eng.
Lyons (J.)	134	132	97	60.32	Allied Brews.
Orme Derpits	301	321	48	10.20	Cumbe Grp.
Pearson Longman	204	233	141	108.33	S. Pearson
Tokley Minerals	72	68	73	2.15	South Croft
Trident Group Printers	80	80	73	3.30	Starwest Inv.
Wades Deptmt. Stores	102	98	63	3.11	Assoc. Dairies
Wades Deptmt. Stores NVA	95	96	60	3.36	Assoc. Dairies

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
First Castle Secs.	Aug. 5	103	(45)
KCA Ind.	June 30	1,406	(636)
Ladbroke	July 4	13,800	(10,930)
Levitt (G. F.)	June 30	218	(62)
Macfarlane Group	June 30	527	(304)
Mathews Wrightson	June 30	4,770	(3,382)
Misconerele	May 31	626	(478)
Nu-Swift	June 30	331	(314)
Pearl Assurance	June 30	1,101	(220)
Queens Most Hcs.	July 16	156	(101)
Quick (H. and J.)	June 30	669	(430)
Robinson (Thos.)	June 30	391	(364)
Scott Agriculture	June 30	1,100	(2,000)
Small & Tidmas	June 30	5,790	(3,148)
Small & Tidmas	June 30	127	(17)
Thurgar Baxley	June 17	223	(84)
Weir Group	July 23	4,320	(4,330)

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Abwood Machines	Mar. 31	42	(18)	1.0
Centrometals	Mar. 25	261	(259)	(21)
Croch Group	Mar. 31	449	(406)	5.6
Francis (G. R.) Gp.	Mar. 31	220	(241)	3.2
Fraser Aschbacher	Mar. 31	14	(1,121)	—
Grippeads Hldgs.	Apr. 30	373	(229)	12.5
Linford	Apr. 29	5,160	(5,510)	24.8
Miller & Allen	June 30	4,573	(2,625)	37.2
Stoddard Holdings	May 31	708	(1,671)	4.4
Sohrabie Hldgs.	Feb. 28	64	(117)	1.4

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Arnoff	July 3	722	(100)
BBA Group	June 30	3,710	(3,120)
Boustead	June 30	14,210	(12,230)
Brammer (H.)	June 30	2,200	(2,000)
Bridgewater Est.	June 30	473	(397)
Britannic Stores	June 30	381	(2,339)
Cement-Roadstone	July 30	8,530	(6,620)
Church & Sons	June 30	1,050	(850)
Fairclough Constn.	June 30	3,501	(2,030)

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(Figures in parentheses are for corresponding period)

* Adjusted for any intervening scrip issue. * Gross. L.L.S.

Offers for sale, placings and introductions

Treasury Stock: 287.38m 91 per cent Treasury Stock 1981.

Scrip Issues

Marshall's Halifax: One 10 per cent Cumulative Preference for six Ordinary.

Warren Plantations: One-for-one.

Rights Issues

ETR: One-for-seven at 25p.
Dorada: One-for-three at 65p.
Hodden Group: One-for-four at 65p.
Initial Services: One-for-four at 74p.

UNIT TRUSTS

Preaching the virtues of varied markets

Chief Investment Managers celebrated their second birthday this week with the launch of another fund. This, the fifth in Chief's stable, looks at first sight to be something of a throwback to an earlier and less highly specialised age, for it is called *Chief's Income and Growth*. In fact the thinking behind it is sharper than the title would indicate. Chief's Income Fund has a very successful High Income Fund as its model, to invest in the shares of a relatively limited range of companies; and that while these companies offer an impressive level of immediate income, it is not necessarily a level that will rise. By lowering the yield threshold somewhat—the new fund is expected to yield 7.5 per cent—they argue that the range of shares from which a choice can be made will be considerably extended, providing the opportunity to pick shares which will provide more rapidly increasing income.

APPOINTMENTS

Showerings Vine Products Board post

Mr. D. S. Todd has been appointed a director of the SHOWERINGS VINE PRODUCTS AND WOODS ORGANISATION. Mrs. WHITEHEAD, a member of the Allied Breweries Group, Mr. Todd is chief executive of Vine Products, of Kingston Upon Thames.

Mr. John Doran, executive director, materials management, DOWTY MINING EQUIPMENT, has been appointed commercial director of that company.

Mr. Ronald E. Cash, previously administrative manager of the NATIONAL ASSOCIATION OF STEEL STOCKHOLDERS, has been appointed secretary.

Mr. R. M. Jarman has joined the Board of NORTH BROKEN HILL HOLDINGS as a non-executive director. He is at present managing director of Dunlop Australia.

Mr. R. J. L. Bramble is to take over as chairman of CHANDLER HARGREAVES WHITALL AND CO. on January 1 in place of Mr. A. Tennant, who is retiring from that position at the end of this year but will remain a non-executive director. Mr. Tennant will also become chairman of Chandler Hargreaves Whittall (Underwriting Agencies) on January 1.

Mr. G. A. Greenough, Mr. H. A. Thomas and Mr. R. J. Warburton

in succession to Mr. T. R. Grieve, ordination and integration of the new product policies and marketing activities of those companies.

Mr. J. Bibby and Sons has increased its investment in the laboratory products company Sterilin to 20 per cent. Two further Bibby nominees have been appointed to the Sterilin Board. They are Mr. S. W. Bowman, company secretary, and Dr. G. M. Kirby, general manager of Henry Cooke Conventers. Mr. J. Mills, work director of subsidiary Mott Plastics, has also joined the Board of the parent company.

Mr. A. A. Bruwa, who joined WESTLAND AIRCRAFT last May, has been appointed to the Board of Westland Engineers, PPT Industries, Saunders-Roe Development and Westland Eng (SA). He will be responsible, as assistant chief executive (special developments) to the chief executive of Westland Aircraft for the co-

Mr. Ken Cobley has been appointed deputy chairman of FORWARD TECHNOLOGY INDUSTRIES and Mr. Richard Smith, group financial controller, has been appointed a director.

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-253 1101.	
Index Guide as at August 30, 1978 (Base 100 at 14.1.77)	
Clive Fixed Interest Capital	129.40
Clive Fixed Interest Income	114.12

ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD.	
45 Cornhill, London EC3V 3PB. Tel: 01-623 8314	
Index Guide as at September 2, 1978	
Capital Fixed Interest Portfolio	100.00
Income Fixed Interest Portfolio	100.00

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The only way to be sure the FLEET STREET LETTER is right for you is to study a copy and judge for yourself. So, just complete and return the attached coupon, and we will send you a FREE COPY. This is a list of all our company analysis recommendations over the last year, and how they have performed. Plus a detailed analysis of F S L's latest ideas—two companies which most other investors have not yet discovered. And all that without any further obligation whatsoever.

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What's in a name?

A name that's recognised can inspire awe, envy or, in this case, confidence. It's a name with a reputation for accepting only the best, and maintaining the highest standards. An assurance for the wine-buyer that his choice has been expertly selected and carefully shipped.

A very good wine reasonably priced. Distinguishing it from the ranks of all the rest. In other words, a name such as ours can sometimes be all the guarantee you need.

Because when it says Bouchard Aîné on the label, it says a lot for the wine.

read the small print first

Bouchard Aîné

Burgundy specialists and shippers of fine wine
13 ECCLESTON STREET, LONDON SW1
Aîné denoting the eldest son of the family

First half loss for Inch Kenneth

AFTER ESTATE and overhead charges of £1,325,001 the taxable loss of Inch Kenneth Rubber was £75,777 in the June 30, 1978, half year. Last time there was a £22,711 profit.

Directors say the figures include unusual charges covering the transfer of the company's residence to Malaysia and therefore are not indicative of the anticipated results for the full year. A 1p gross interim dividend is to be paid in lieu of last year's final because of the Malaysian tax position, and when directors can make a reliable forecast for 1978 profit and the tax liability for 1979 they will consider payment of a further interim dividend for 1978.

Sentinel Ins. growth

Yearly premium income of Sentinel Insurance rose by 88 per cent in the year to the end of March, says chairman Mr. C. J. Ealing in his annual report. New annual premiums amounted to £201,000 (£160,000 in 1976), bringing total yearly premium income to £1,422m.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised in the UK by the issue of marketable securities in August was \$54.8m, a considerable drop on the July total of £193.3m.

In the first eight months of this year, 1984.8m has been raised compared with £243.8m in the same period of 1977.

Over two-thirds of the August total was accounted for by public bodies.

AUSTRALIA IS MAKING THE MOST OF HER RESOURCES. ARE YOU?

We suggested a couple of months ago that there was money to be made in Australia. Since then a good many commentators have jumped on the bandwagon, and a good many investors have taken a stake in the country through our Unicorn Australia Trust.

By doing so, they've taken a stake in the country's vast store of natural resources. The land and sea are yielding new strikes of copper, silver, zinc, diamonds, oil and gas, and the country is rich in uranium.

Our enthusiasm for investing down-under was reinforced a week or two ago when the Australian Budget was announced. It sets out to cut back inflation and to boost company profits. The mining and energy sectors in particular stand to gain from the new measures.

With the government determined to attract investment and at the same time exploit natural resources, Australian prospects look good. And as the largest unit trust specialising in Australia, the prospects for Unicorn Australia look just as rosy.

The trust's aim is to obtain long term capital growth by investing in a spread of Australian companies and some British companies with Australian interests. Mining and energy-related stocks make up the bulk of the portfolio.

Its performance over the first seven months of this year has pushed it into 11th place out of 355 unit trusts, according to *Planned Savings Magazine*.

So perhaps it's time you began to exploit your own resources a little more vigorously.

You can invest in Unicorn Australia Trust with a

lump sum of £250 or more. Or, if you wish to invest on a regular basis with tax relief, you can make a monthly payment of £10.30 or more. Please fill in the subscription form below.

You should remember that the price of units and the income from them can go down as well as up. You should regard your investment as long term. There are two types of unit:

Income Units: distributions are paid half yearly on 1st February and 1st August after tax at the basic rate. Accumulation Units: the after-tax income attributed to these units is automatically retained within the Trust to increase their value. As there is no initial service charge when income is re-invested this way it provides an economical method of investing. The price difference reflects the accumulated income.

The offer prices which can change daily, were 84.9p per accumulation unit and 66.9p per income unit on 1st September, 1978 with an estimated gross yield of 1.68% p.a. The first payment to new investors in income units will be on 1st February, 1979.

Any branch of Barclays Bank can give further information and advice.

Prices and yield appear daily in the Financial Times and other national newspapers. The offer prices include the initial management charge of 5%, and there is a half-yearly charge of 1% plus VAT. Commission at 1% is paid to authorised agents, but not in respect of Barclaycard purchases. You can sell back units on any business day at the bid price ruling when your instructions arrive. Payment will normally be made within seven days of receipt of the renounced certificates. Managers: Barclays Unicorn Limited, Member of the Unit Trust Association. Trustees: Royal Exchange Assurance.

BARCLAYS UNICORN AUSTRALIA TRUST

To: Barclays Unicorn Limited, 2-22 Ranelagh Road, London E9 9JB.

Surname (Mr., Mrs. or Miss) Forenames in full

Address

Lump Sum Investment ☐ I/We wish to invest (Minimum £250) £ in income/accumulation* units of Unicorn Australia Trust and enclose a cheque for this amount. *Delete whichever is not applicable.

If you wish to purchase these units through your Barclaycard account please fill in your Barclaycard number here.

I/We understand that units will be bought for me/us at the offer price ruling on the day of receipt of this application. A contract note showing the number of units purchased will be sent to you. Certificates will be posted within six weeks. I/We declare that I am/we are not resident outside the Scheduled Territories nor acquiring the units as the nominee(s) of any person(s) resident outside those Territories. If you are unable to make this declaration, it should be deleted and the form lodged through your bank, stockbroker or any other authorised depositary. In the case of joint applications all must sign. This offer is not available to residents of the Republic of Ireland.

Signature Date

Regular investment with Life Assurance and Tax Relief. If you wish details of the Barclays Life Assured Savings Plan, investing from £10.30 per month, please tick here. ☐

Agent's VAT No. FT209TA

BARCLAYS UNICORN GROUP

Registered Office: 54 Lombard Street, London EC3P 3AH. Registered in England No. 589407. Ultimate holding company Barclays Bank Limited.

Narrow gains on Wall St.

INVESTMENT DOLLAR PREMIUM

Effective \$1.942-41% (421%)
NARROW GAINS were in the majority in moderately active trading on Wall Street yesterday, prior to the Labor Day holiday on Monday.

The Dow Industrial Average gained 2.51 to 579.33, reducing its loss on the week to 16.20. The NYSE All Common Index, at 538.54, rose 18 cents on the day but was still 88 cents on the week, while the S&P 500 rose 1.24 to 543.74. Trading volume expanded to a better tone for some of the Blue Chips which pulled back recently in the face of persistent speculation in Cautio-related issues.

There was also some encouragement from the drop in money supply figures released on Thursday which could ease pressures on the Federal Reserve for any

FRIDAY'S ACTIVE STOCKS

Stock	Change
IBM	+1.12
AT&T	+0.18
GE	+0.15
Westinghouse	+0.12
Boeing	+0.10
Rockwell	+0.08
Raytheon	+0.07
Lockheed	+0.06
Northrop	+0.05
Grumman	+0.04
McDonnell Douglas	+0.03
Boeing	+0.02
Rockwell	+0.01
Raytheon	+0.01
Lockheed	+0.01
Northrop	+0.01
Grumman	+0.01
McDonnell Douglas	+0.01

new-term credit tightening. The Fed has pushed up short-term rates in recent weeks and major banks raised their prime rate 1 point to 11 per cent this week.

A drop in U.S. unemployment in August to 5.9 per cent from 6.2 per cent in July could make it easier for the Administration to defend more conservative economic policies.

The Casino Group was heavily traded and sharply lower following a rumour that the Stock Exchange would raise its margin requirement on certain issues to 75 per cent.

Casaca's World Bank \$20 to \$10. De Webb \$31 to \$31.1. Harrah \$7 to \$7.2. MGAT \$2 to \$2.1. Golden Nugget \$1 to \$1.1. The American \$2 to \$2.1.

Boeing further advanced \$2 to \$2.1 on its large order for British Airways estimated at \$400 million. Eastern Airlines up \$1 to \$1.1, having ordered 31 aircraft.

THE AMERICAN SE Market Value Index rose 2.28 to 170.70, a record high for the second day in a row—making a rise of 2.81 on the week.

CANADA—Further sharp gains were scored in active trading, with the Toronto Composite Index rising 10.44 to 106.44, its highest intra-day since March 13, 1974.

The Oil Price Index jumped

NEW YORK

Stocks Sept. 1 Aug. 31
Dow Jones Industrial 579.33 576.82
NYSE All Common 538.54 537.66
S&P 500 543.74 542.50

Gold 1047.80 1047.80
Silver 17.10 17.10
Platinum 1,000.00 1,000.00
Palladium 1,000.00 1,000.00

Oil 10.44 10.44
Natural Gas 1.10 1.10
Heating Oil 1.10 1.10
Gasoline 1.10 1.10

Wheat 1.10 1.10
Corn 1.10 1.10
Soybeans 1.10 1.10
Cotton 1.10 1.10

Wool 1.10 1.10
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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Sales rise at German engineer

By Our Financial Staff
MANNESMANN, the West German steel pipe, plant construction and mechanical engineering group, has registered a 5 per cent rise in external sales to \$253.3bn (\$2.7bn) for the six months to June. After the 1 per cent increase reported for the first three months, Mannesmann has begun to justify July's forecast that 1978 will show a recovery.

In its works magazine Mannesmann said that order inflow and production had climbed as well as turnover.

The company said that in the first half-year, foreign sales share of external turnover climbed to 50 per cent from 52 per cent.

The company said without giving figures, that earnings in the first half were "in total positive".

Peak EOE turnover.

The European Options Exchange experienced a record turnover in August.

Contracts of 24,732 compared with the previous high of 18,551 in June, Reuter reports from Amsterdam.

The EOE said the turnover was aided by firm prices of the underlying shares on the Bourse and greater interest and familiarity of options generally.

The EOE also expects the government decision that investment institutions can operate through the exchange without contravening their legal position to be a positive influence.

Carlsberg in Malaysia.

CARLSBERG, BERHAD, the second biggest brewery in Malaysia, has reported a 14 per cent rise in profits for the first half of this year, and is declaring a scrip issue of one for two to capitalise its profits.

The company said that sales from reserves and retained earnings, Wong Sulong writes from Kuala Lumpur.

The company is also proposing to raise its authorised capital from 15m to 50m Ringgits.

Output fell marginally, but with

2 per cent price rise, rubber sales reached 32.5m ringgits, 1.8m ringgits more than previously.

Dunlop Estates, which is a subsidiary of Dunlop of the UK with a large minority interest held in Malaysia—said prospects for the second half were encouraging, with indication of a marked improvement in the oil palm harvest.

However, it added the full year's results were not expected to approach last year's record of 18m ringgits.

A revision of the company's assets has been completed, and subject to approval from the Malaysian authorities, any surplus arising from revaluation is to be reflected in the capital reserves.

After two years of strong

Major coal discovery in New South Wales

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 1.

THE New South Wales Government has discovered a new coal deposit which could prove to be the biggest in Australia, rivaling the Hunter Valley deposits.

The find was made by the state's Department of Mines near the town of Brezina, close to the town of Werris Creek in the Gunnedah Basin, 300 km north of Sydney.

The department found a multiplicity of black coal seams, the largest of which was 60 feet deep and extended across an area of 50 km, in its 1977-78 preliminary coal drilling programme.

The Minister for Mines and Energy, Mr. Pat Hills, said that preliminary indications were that the fields would be of major importance to the state and that it represents a huge energy resource.

The exact size of the Brezina discovery will not be known until further drilling is completed.

Results to date indicate that the find could be an extension of the Hunter area as the structure is

similar to that of the Sydney Basin. The deposits could well be valued at "thousands of millions of dollars" as black coal is the most sought after fuel for power generation and industrial uses.

Both steaming and soft coking coals are contained in the field, Mr. Hills said.

One of the coal seams has shown to be more than 60 feet thick and is of a high quality, itself representing a huge energy resource.

This particular seam of coal is apparently developed over at least 50 km and occurs within open cut or shallow mining distances of the surface.

Nearby rail links to Newcastle enhance the find as start-up costs for the second half were encouraging, with indication of a marked improvement in the oil palm harvest.

However, it added the full year's results were not expected to approach last year's record of 18m ringgits.

A revision of the company's assets has been completed, and subject to approval from the Malaysian authorities, any surplus arising from revaluation is to be reflected in the capital reserves.

After two years of strong

growth, profits at Boustead Holdings Berhad, showed only a marginal rise during the first half of this year, due largely to the setback at its plantation subsidiary, Malakoff.

Boustead reports pretax profits were virtually at 5.5m ringgits (\$2.97m) while after-tax profits showed a six per cent rise at 3.88m ringgits. Half year turnover for the group was 48.8m ringgits, up 21 per cent on 40.7m for the same period last year.

The group's 35 per cent owned subsidiary, Malakoff, suffered a setback with pretax profits falling by 34 per cent to 2.55m ringgits. Output of palm oil fell by 40 per cent to 12,551 tonnes while rubber production declined by 6 per cent to 7,08m lb.

Although no dividend is expected to be paid for 1978, for the fourth year running, Olivetti shares have been rising on the Bourse, which has been buoyed up by a wave of investor confidence in recent weeks.

Private investors took up over 120bn worth of shares and other major shareholders are likely to put up more funds.

The success of the funding, however, is not the only reason why Olivetti's first half results were so good. A banking consortium formed to guarantee the issue did not have to take up any of the shares offered, said de Benedetti, who now controls 15 per cent of the company.

Group sales for the first half of 1978 were 1,000bn capital and 20 per cent increase on 800bn for the same period last year. Sales were also up 20 per cent on 800bn for the same period last year.

Drastic cutbacks have been announced at loss-making subsidiaries in Argentina and France, and a call for new debt in a bid to bring the group back into profit.

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Major coal discovery in New South Wales

BY OUR OWN CORRESPONDENT

SYDNEY, Sept. 1.

THE New South Wales Government has discovered a new coal deposit which could prove to be the biggest in Australia, rivaling the Hunter Valley deposits.

The find was made by the state's Department of Mines near the town of Brezina, close to the town of Werris Creek in the Gunnedah Basin, 300 km north of Sydney.

The department found a multiplicity of black coal seams, the largest of which was 60 feet deep and extended across an area of 50 km, in its 1977-78 preliminary coal drilling programme.

The Minister for Mines and Energy, Mr. Pat Hills, said that preliminary indications were that the fields would be of major importance to the state and that it represents a huge energy resource.

The exact size of the Brezina discovery will not be known until further drilling is completed.

Results to date indicate that the find could be an extension of the Hunter area as the structure is

similar to that of the Sydney Basin. The deposits could well be valued at "thousands of millions of dollars" as black coal is the most sought after fuel for power generation and industrial uses.

Both steaming and soft coking coals are contained in the field, Mr. Hills said.

One of the coal seams has shown to be more than 60 feet thick and is of a high quality, itself representing a huge energy resource.

This particular seam of coal is apparently developed over at least 50 km and occurs within open cut or shallow mining distances of the surface.

Nearby rail links to Newcastle enhance the find as start-up costs for the second half were encouraging, with indication of a marked improvement in the oil palm harvest.

However, it added the full year's results were not expected to approach last year's record of 18m ringgits.

A revision of the company's assets has been completed, and subject to approval from the Malaysian authorities, any surplus arising from revaluation is to be reflected in the capital reserves.

After two years of strong

growth, profits at Boustead Holdings Berhad, showed only a marginal rise during the first half of this year, due largely to the setback at its plantation subsidiary, Malakoff.

Boustead reports pretax profits were virtually at 5.5m ringgits (\$2.97m) while after-tax profits showed a six per cent rise at 3.88m ringgits. Half year turnover for the group was 48.8m ringgits, up 21 per cent on 40.7m for the same period last year.

The group's 35 per cent owned subsidiary, Malakoff, suffered a setback with pretax profits falling by 34 per cent to 2.55m ringgits. Output of palm oil fell by 40 per cent to 12,551 tonnes while rubber production declined by 6 per cent to 7,08m lb.

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OFFSHORE AND OVERSEAS FUNDS

[illegible]

Prices do not include \$ premium, except where indicated, and are in pence unless otherwise indicated. Yields are shown in last column, plus for all but one instance. Offered prices include all expenses. To-day's price is offered price of 100 pence. To-day's opening price is Distribution free of U.K. taxes. Periodic premium insurance plan. Single premium insurance. Offered price includes: all expenses except agent's commission. Offered price includes all expenses if bought through manager. Premiums due, after 1st of Feb in last on realised capital gain unless indicated in 4th column, gross. \$ Suppanded.

INV. TRUSTS—Continued[illegible]

MAN OF THE WEEK

Europe's hand at the wheel

BY DAVID CURRY

THE TRIM YOUNG MAN with the classical good looks and diffident manner who tapped the microphone was obviously an aide from the public relations department preparing the stage for the entry of his chief. The chatter continued unabated among the journalists.

The young man cleared his throat, sat down and in a soft voice, as if even these words were deeply considered before being spoken, wished a general good morning to the assembly.

M. Jean-Paul Parayre, 41, the head of Peugeot-Citroen, an aide to the public relations department preparing the stage for the entry of his chief. The chatter continued unabated among the journalists.



Jean-Paul Parayre
Picked out by talent-spotter Pompidou

admirer of Chrysler, was ready to begin his Press conference.

It was a typical entry from Jean-Paul Parayre. Parachuted into an old-established group four years ago over the heads of long-time senior managers, he has established his position by quiet, reflective behaviour and deliberation in speech and action. The whizz-kid image with which he is endowed in the Press, the precocious competence which brought him a meteoric rise through the senior civil service, are not part of his business persona. Parayre still with the whiff of provinciality about it, controlled by the 19th generation of the Peugeot family (the enterprise began in 1810 as a steelmaker), with an intense pride in traditional engineering skills, would have been impermeable to the deliberate aggression of a man on the make.

Parayre's physical trimness is no accident: he is a keep-fit enthusiast, preferring to leave the office early for two hours tennis and then returning rather than become foggy over a long afternoon in the office.

Even for one of the elite products of the French education system—a graduate of both the Ecole Polytechnique and the Ecole Nationale de Ponts et Chaussées—Parayre has turned in a spectacular performance. Picked out by that great talent-spotter President Pompidou, by his early 30s he was head of one of the most powerful of French Government departments—the Directorate of Metallurgical, mechanical and Electrical Industries—which is virtually the overlord of French industry.

He was one of what became known as Pompidou's "Four Musketeers"—the officials charged with the job of preparing French industry for "le defi Americain"—proclamation then as now. Significantly, the logic behind the Peugeot-Citroen-Chrysler merger is precisely Parayre's belief that European industry must acquire the dimension to compete with American and Japanese giants. During this time Parayre doubled as one of the Government representatives on the Board of the state-owned Renault company before in 1974 leaving the civil service to make his entrance—clearly Government-backed—at Peugeot.

These were exciting days. His rapid move from director with out portfolio to planning head for Automobiles Peugeot to director of the car division of Peugeot-Citroen coincided with the Peugeot absorption of Citroen.

Thirteen months after becoming in June 1977 the head of the three-man ruling directory of the Peugeot-Citroen holding company he was able to announce the coup de theatre of the agreement to take over the European interests of Chrysler to create a group capable of producing some 2.3m vehicles a year employing 230,000 people and with a turnover of \$11.5bn.

But Jean-Paul Parayre is no absolute ruler. Peugeot has a collegiate management. Parayre's partners in the ruling triumvirate are not there to make up the numbers. Gerard de Pins, another Polytechnicien, in his time the youngest Air Marshal in France and Pierre Peugeot, a member of the family which still controls over 40 per cent of the equity, are substantial figures, and decisions go by majority among the three.

Jack Jones attacks Civil Service power

BY CHRISTIAN TYLER, LABOUR EDITOR

SENIOR CIVIL SERVANTS have used their power to block industrial and economic policy changes, says Mr. Jack Jones, former general secretary of the Transport and General Workers' Union.

Mr. Jones, reviewing the progress of the social contract between Labour and the unions on the eve of his last TUC, said Ministers sometimes lacked the experience of industry or the "political clout" to see policies through.

He fears that the Labour Party is not attracting MPs of the right calibre. Like many other union leaders he believes the unions should do more to encourage officials with experience of working life at the grass roots to make a career in politics.

Of the power of civil servants he said: "It's getting across to industrial civil servants that it's important because the real power is very much with the permanent official."

An example was Lord Armstrong, former head of the Civil Service, who, Mr. Jones said, was at one time virtually running the country.

Furthermore, civil servants had sometimes watered down legislative proposals at the drafting stage. An example of that was the Advisory Conciliation and Arbitration Service, of which he is a member.

"ACAS has become a Civil Service department, when the intention was to have a completely independent service that was practically based, using the experience of employers and trade unions."

In policy matters the Civil Service had shown its power, for instance, blocking the TUC demand for import restrictions.

As architect of the social contract and virtual arbiter of TUC policy objectives, Mr. Jones has had considerable experience of and contact with Government Departments.

His pronouncements have been closely scrutinised in Whitehall. Planning of incomes policy was almost entirely geared to his reactions.

Mr. Jones's attack on the power of the Civil Service comes at a

time when Whitehall is feeling particularly sensitive. A special group has been set up to monitor public criticism, and to reply by writing to newspaper editors if it is felt that the service has been unfairly treated.

Yesterday the TUC announced a new initiative on the industrial strategy, a product of the social contract era in which civil servants have been involved, but which has disappointed union leaders by its lack of momentum.

Ten local conferences are planned for shop stewards to discuss various industries examined by tripartite sector working parties at national level.

The first conference, on the textile, clothing and footwear industries, will be on September 21 in Leicester. Mr. Eric Varley, the Industry Secretary, will address it.

The TUC has issued 200,000 copies of a special TUC newspaper, "The Industrial Worker", for distribution among the unions.

Shorter hours will be top of TUC list

BY OUR LABOUR EDITOR

DELEGATES to the Trades Union Congress next week will be urged to make a shorter working week their top priority in the winter wage round, in an effort to combat rising unemployment.

This is the culmination of a campaign conceived several years ago but which has only come to life this year.

The General Council of the TUC decided yesterday to support a motion on the agenda dealing with hours and unemployment. A 35-hour week without loss of pay is the main element, along with earlier retirement, longer holidays and a cut in the amount of overtime.

The threat to jobs will be the main preoccupation of union leaders at this congress, apart from the necessity of a Labour victory in the General Election expected next month. It has been fuelled by grim forecasts

of the impact of technological change, especially of micro-processors which are seen by many unions as a welcome development only if other jobs are created for those displaced.

Union leaders believe that the shorter week will be secured in many wage settlements despite employers' resistance and ministerial concern that it would cost more than the country can afford and damage Britain's competitiveness.

The other main decision of the General Council yesterday, meeting to consider next week's agenda, was to oppose a move by the General and Municipal Workers to change the way in which the council itself is elected.

The idea of automatic and proportional representation for unions of over 100,000 members, the spreading of the rest of the seats among smaller unions and the scrapping of trade groups (the present constituency arrangement) was rejected in principle by the council earlier this year.

BASF considers two sites in UK

BY KEVIN DONE

BASF, ONE of the world's largest chemicals companies, is considering two areas of the UK for establishing a major new manufacturing site.

The location chosen are Humberside in northern England and Grangemouth on the Firth of Forth—but the company said yesterday that any decision to develop in the UK would not be taken immediately.

The pin-pointing of sites for possible expansion has formed part of a medium-term strategy report prepared for the main Board of BASF, one of the "big three" West German chemical companies.

The company is considering locations for a third European manufacturing site in addition to Ludwigshafen, West Germany, and Antwerp, Holland. It has looked at other locations in the UK as well as sites in the South of France, northern Germany and Norway.

The study group put its findings to the BASF main board earlier this year.

However, Mr. Walter Maack, managing director of BASF UK, said yesterday that so far no go-ahead had been given for the purchase of a site anywhere. No projects had been earmarked specifically for the UK.

BASF has manufacturing plants in many parts of the world but it has little presence in the UK apart from a small unit making binding agents for dyestuffs. This plant represents only about 1 per cent of the group's turnover in the UK, which is otherwise accounted for by imports from West Germany.

The UK has been studied as a location for expansion by all the major West German chemical groups, including Hoechst, Bayer and Veba. However, so far none of their ideas have gone beyond the planning stage.

New state oil post for Lord Croham

BY KEVIN DONE, ENERGY CORRESPONDENT

LORD CROHAM, formerly Sir Douglas Allen, has been appointed a part-time deputy chairman of the British National Oil Corporation.

The appointment, which carries an annual salary of about £20,000, is for three years. Lord Croham was permanent secretary at the Treasury from 1968 to 1974, and Head of the Home Civil Service and Permanent Secretary at the Civil Service Department until he retired in 1977.

He will spend about two days a week on his new job at the State oil corporation and will continue in his other role as adviser to the Bank of England on relations with industry and Government.

His appointment by Mr. Anthony Wedgwood Benn, Energy Secretary, still leaves a gap near the top of B.N.O.C. Lord Kearton, the chairman, has carried out the functions of a chief executive in the absence of a full-time deputy chairman.

appointment only runs to the end of the year, but this could be extended given the Government's difficulty in finding either a successor or a full-time deputy.

The Energy Department said yesterday that the question of a successor to Lord Kearton would be considered at the "appropriate time."

It stressed that Lord Croham's appointment did not rule out the appointment of a full-time deputy chairman or another part-time deputy.

The job of full-time deputy chairman carries a salary of £24,500 which will rise to £33,000 with implementation of the awards by the top salary review board.

Euro-link bond plan in Italian reforms

BY PAUL BETTS

ROME, Sept. 1. THE ITALIAN authorities are considering selling medium-term Government bonds pegged to a European currency unit as part of a wider reform of the country's public finances which could also eventually include the introduction of a "heavy lira" on the French model.

The currency change, which would see the present 1,000 lira unit changed to one new lira, would represent "the crowning of the country's efforts to regain stability," according to Sig. Filippo Maria Pandolfi, the Treasury Minister.

He stressed, however, that the adoption of both the "heavy lira" and externally-linked medium-term bonds largely depended on the swift implementation of the Government's 1979-81 economic recovery plan.

The Government has submitted the broad details of this change to the political parties directly supporting the minority Christian Democrat administration of Sig. Giulio Andreotti.

Among its main points are the gradual reduction of the inflation rate to single figures, overall cuts in public expenditure through a revision of the country's pension and social welfare systems, a major fiscal revenue, and a thorough overhaul of public administration.

In a decision which reflects a feeling that the underlying inflation rate is coming down, the Central Bank's discount rate was cut to 10.5 per cent tonight.

Cut rates

The reduction from 11.5 per cent is regarded as tangible evidence of the Government's intention to promote a recovery in Italy's flagging industrial production. It is expected to be followed by a cut in commercial bank lending rates, now at 16 per cent for prime borrowers.

The Government also intends to promote a series of investments to create 500,000 new jobs in the next three years. This target is generally regarded here as optimistic.

Sig. Andreotti is due to meet representatives of the main political parties and trade union leaders in an attempt to secure Parliamentary approval for the programme and for next year's provisional Budget by the end of this month.

In October, an International Monetary Fund team is expected in Rome to finalise a new U.S. \$1bn standby facility for Italy. Meanwhile Sig. Pandolfi has told the EEC that Italy is ready to repay \$1.1bn in outstanding EEC loans ahead of schedule.

Weather

UK TODAY

CLOUDY, cool, some rain. London, E. Anglia, S.E. Cent. N. England, E. Midlands.

Cloudy, some rain. Max. 16C (61F).

Cent. S., S.W. England, W. Midlands, Channel Is., S. Wales. Cloudy, sunny intervals, cool. Max. 18C (64F).

N. Wales, N.W. England, Lakes, I. of Man. Cloudy, sunny intervals, some rain likely. Max. 18C (59F).

N.E. England, Borders, Edinburgh, Dundee. Cloudy, some rain. Max. 14C (57F).

Aberdeen, Moray Firth, W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland. Cloudy, some rain. Max. 15C (59F).

N.E. Scotland, Orkney, Shetland. Cloudy, some rain, cool. Max. 12C (54F).

Outlook: Cloudy, some rain.

BUSINESS CENTRES

Amsterdam	F	24	London	F	24
Bombay	F	24	Madrid	F	24
Buenos Aires	F	24	Manila	F	24
Calcutta	F	24	Montreal	F	24
Canton	F	24	Moscow	F	24
Cebu	F	24	Munich	F	24
Colon	F	24	New York	F	24
Hankow	F	24	Osaka	F	24
Hong Kong	F	24	Paris	F	24
Kobe	F	24	Perth	F	24
London	F	24	Rangoon	F	24
Lyons	F	24	San Francisco	F	24
Manila	F	24	Singapore	F	24
Medan	F	24	Stockholm	F	24
Shanghai	F	24	Sydney	F	24
Singapore	F	24	Taipei	F	24
Sourabaya	F	24	Tokyo	F	24
Tientsin	F	24	Yokohama	F	24

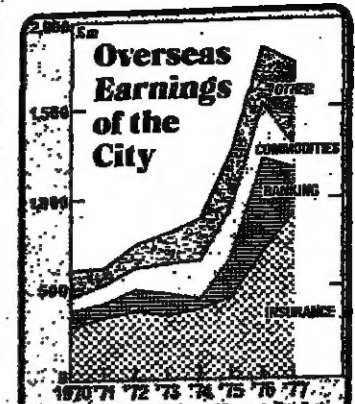
HOLIDAY RESORTS

	Yday	Today	Yday	Today
Algeria	S 23	73	Jersey	C 16
Algeria	F 24	83	Las Palmas	C 24
Bahamas	S 23	73	Leuven	C 18
Bordeaux	S 22	72	Malaga	S 22
Boulogne	F 17	63	Malta	S 28
Casablanca	S 25	77	Nairobi	C 16
Case 74	R 14	36	Naples	S 22
Detroit	S 23	68	Nice	S 24
Detroit	S 23	68	Osaka	S 29
Florian	S 24	75	Oporto	S 29
Gibraltar	S 27	61	Rhodes	S 29
Guernsey	C 16	61	Salzburg	C 13
Hamburg	C 12	54	Tamper	F 24
Inverness	R 12	54	Toronto	S 24
Istanbul	S 21	70	Venice	F 20
London	F 24	83	Yokohama	C 29

THE LEX COLUMN

Election jitters for equities

Index fell 0.5 to 498.0



Invisibles

The narrowing of the margin between borrowing and lending rates in the Euro-currency market was the chief reason for a reversal last year in the upward march of the City of London's invisible earnings.

The annual Pink Book on the balance of payments shows that while the income in financial services—chiefly interest or commission income—rose to a new high of £1.7bn, the City's total contribution to the balance of payments fell to £1.5bn from £1.84bn.

Banks contributed to the rise in service income, earning £293m against £243m last year, but because of the adverse shift in interest differentials, their overall contribution was down from £416m to £254m.

The mainstay of the City's earnings remained the insurance sector. Lloyd's contributed £379m, the big insurance companies £345m, and the brokers £185m. All three contributions grew, although not at the head pace of the previous year. The £155m contributed by the Bank of England came as a surprise to some. This figure has been static, however, over the past three years because of the depressed state of the shipping market. The Baltic Exchange's contribution multiplied its times between 1972 and 1973 on the back of soaring freight rates.

The disappointments of the year were the Commodity houses and the Stock Exchange membership. Commodity earnings were halved to £106m because of slack trading volume on the London Commodity Exchange and falling prices in the cocoa, coffee and sugar markets. The Stock Exchange's contribution has hovered around £20m for the past five years. The unattractiveness of British securities to foreign investors is the problem here, compounded by the Stock Exchange's inability—largely because of exchange controls—to become a force in the international capital markets.

The cliché that the market dislikes nothing so much as uncertainty has been borne out by the performance of equities as the time draws near for a decision on the date of the general election. The FT 30 share index has fallen each day this week, and is now almost 5 per cent off the 1978 peak reached on August 22. Nerves could continue to be stretched for a few weeks yet. Next week brings the Trades Union Congress which rarely has any comforting message for the City. There will follow a period of ten days or so during which Mr. Callaghan's final decision on, first, October 5 and then October 12 will have to be taken one way or the other. If both these dates are missed then it will appear as though the "fearful five" in the Cabinet will have to wait their day and the election will have to be put back to the spring.

What the City is afraid of is that a strongly based government of either complexion may take power in October. A Labour Government backed by a large Parliamentary majority and showing an almost inevitable shift leftwards in its policies would scarcely be the City's choice. Nor would a large Conservative victory be received with enthusiasm either, since in most investors' eyes it would be followed by a period of confrontation with the unions. Much more acceptable would be a small majority for either party or a hung parliament.

Whether this is a wholly realistic political analysis may be open to some doubt—but a large extent fund managers are probably just seizing an excuse to let their liquidity accumulate. Meanwhile there are other factors operating to encourage short term caution. Chief among these is the hardening of money market interest rates which has caused hopes of an early cut in Minimum Lending Rate to dwindle further. This week's further rise in U.S. interest rates has led operators in the money markets, like the discount houses, to abandon some of their speculative positions so that the yield curve is beginning to feature a more normal gap between short and longer terms.

Pinchin's pitch

Brokers queued up on the floor of the Stock Exchange yesterday morning for a rare opportunity to transact business with a new jobber in the gilt-

edged market, Pinchin Denny. In the past decade, after all, the pattern has been for the jobbing fraternity to abandon the tricky market in Government stocks: back in 1972 Smith Bros. pulled out after an expensive three-month foray which resulted in losses of close on £400,000, while the longer established firm of Francis and Ford withdrew at about the same time. Since then the big institutional business in gilt-edged has been split between Wedd Durlacher and Akroyd and Smithers while four other small jobbing firms have handled the more specialised, private client type of business.

The great increase in the size of the gilt-edged market since 1975, however, with the Government pumping out between £5bn and £7bn net of new gilt-edged each year, has once again made the market an increasingly attractive jobbing proposition. Akroyd in particular have, at times, made huge profits. So after a year of planning Pinchin have now taken the plunge.

But to begin with Pinchin are not attempting to compete with the two gilt-edged jobbing giants. At this stage they are only making prices in £100,000 of stock, and although there are plans to raise this limit to £250,000 after fortnight they will still not be in the same league as Wedd or Akroyd which commonly deal in upwards of £1m. Pinchin are talking in terms of a two or three-year learning period to gain experience and build up the team before making any attempt to turn the Big Two into the Big Three. Meantime they are taking a place among the small jobbers.

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Invest in Arbuthnot's Eastern Fund

Potential capital growth from expanding economies

If, however, you would rather have your American exposure in a modified form, you might consider Arbuthnot's Eastern and International Fund instead. This fund is 38 per cent invested in the U.S., 27 per cent in Hong Kong, and almost 20 per cent elsewhere in the Pacific basin: there is some exposure to the Australian market, too. A spread like that means that movement in any one market will be diluted; but of course, if most of them go together—and the eastern markets have a tendency to do just that—then the effects will be dramatic.

Spread of Portfolio
as at 15th August 1978

	USA	Hong Kong	Australia	UK	Other
	38	27	10	1	24

The object is sustained growth of capital. The Arbuthnot Eastern and International Fund invests in those countries whose economies are already expanding—principally the USA, Hong Kong and Japan—and in those countries that will be the first to benefit from an increase in world trade.

The majority of the portfolio is invested in international companies particularly those which will benefit from the rapidly expanding Far Eastern and Middle Eastern economies.

Proven performance
Despite numerous fluctuations, the Fund has performed exceptionally well. In the year ended 31st July 1978, it has shown an increase of 31.5% compared with the Unitholder Index of 26.5% and the World Index of 5.9%. Since the launch of this fund on 29th March 1975 the main fund has increased by 27.5% and the Unitholder Index by 49.5%.

Experienced professional management
The fund is managed by Arbuthnot Securities, a subsidiary of Arbuthnot Ltd., which has close connections with banks and other professional advisers in the Far East.

HONG KONG JAPAN AMERICA
To: Arbuthnot Securities Ltd., 37 Queen Street, London EC2R 1BY. Telephone: 01-236 5281.

ARBUTHNOT
EASTERN & INTERNATIONAL FUND
Established 1833